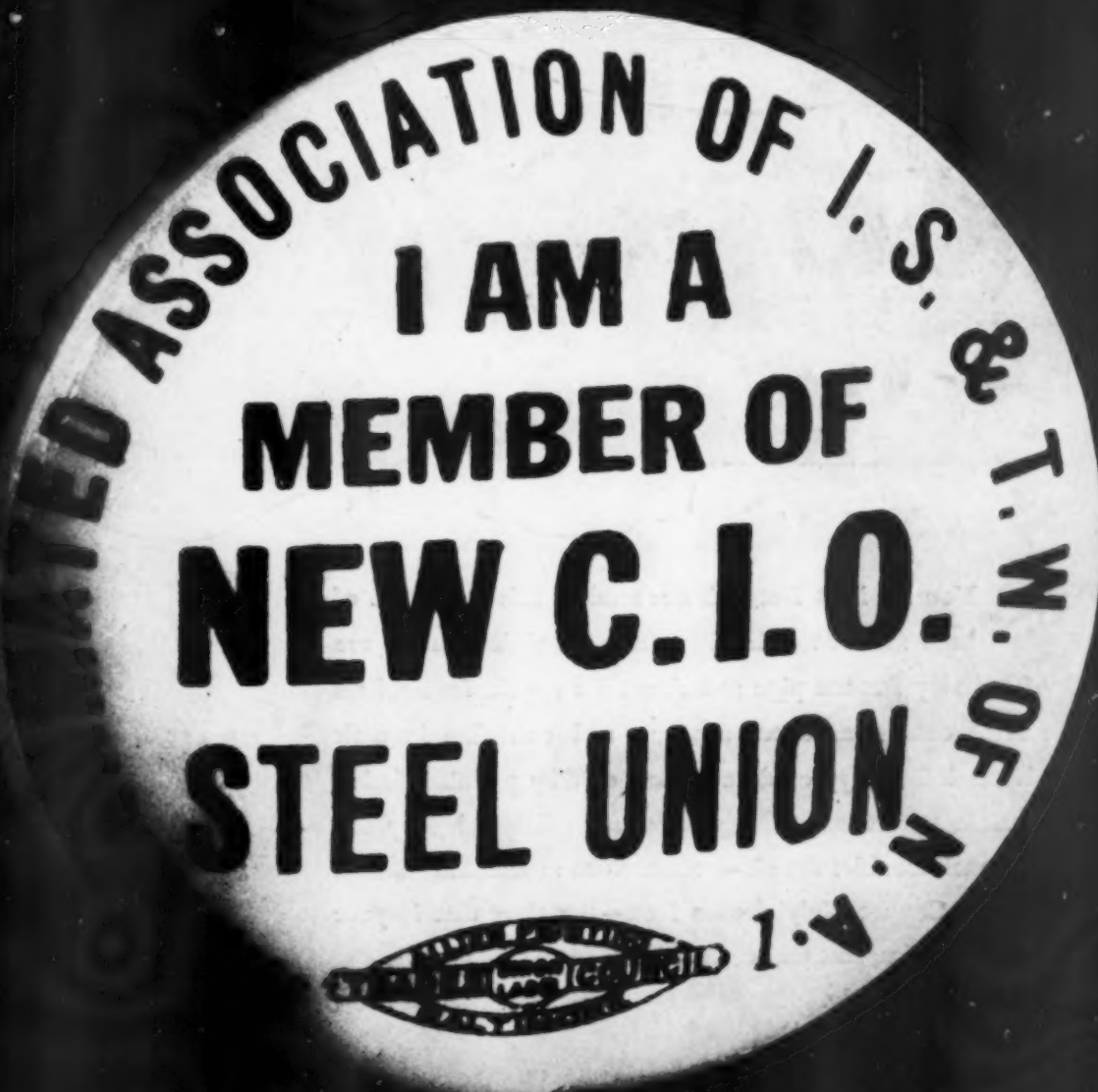
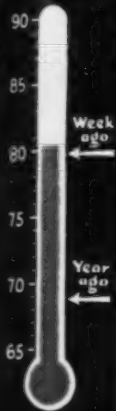


MAR. 13  
1937

# BUSINESS WEEK

BUSINESS  
INDICATOR



BUTTON—button, who's got the button?

More important — who's going to get it?

McGRAW-HILL  
PUBLISHING  
COMPANY, INC.

LIBRARY OF  
THE UNIVERSITY OF  
CHICAGO



● You say it! ● But wait a second. Is this chap's use of back and not of head any more foolish than the use of ordinary ferrous pipe and sheets for applications where service conditions encourage rust and corrosion in their billion-dollar orgy of destruction? ● Why permit inflation of maintenance costs due to premature failures? Why not give such troubles the air—reduce them to a minimum with Toncan Copper Molybdenum Iron—the alloy that is your ally in curbing rust and corrosion?

# Republic Steel

*Corporation*

**GENERAL OFFICES . . . CLEVELAND, OHIO**

When writing Republic Steel Corporation for further information, please address Department BW



**HIGHEST RUST-RESISTANCE  
IN ITS PRICE CLASS**

Toncan Iron is available through distributors in pipe and sheets, and may be had in bars and billets, strip, plates, roofing and siding, bolts, nuts, rivets, wire, welding rods, ground rods, tubing and corrugated culverts. Write for full information.

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## New Business

WHO is New York's leading clubman? Publishers of *Club Members of New York*, 1937 edition, hand the title over to General Cornelius Vanderbilt. The General's score of membership in important clubs is 13. He also led in the book's previous edition (1932-1933) when he held 16 memberships. Next to General Vanderbilt are Ogden Mills with 12, and Marshall Field with 11. In the previous book J. P. Morgan and Averell Harriman ran neck-and-neck with 13 each. Mr. Morgan's club memberships have since dropped to 10, Mr. Harriman's to 8.

SPEAKING of labor relations (as who isn't in these sit-downy days) the Seattle Chamber of Commerce is trying something new. It announces a labor relations committee backed by a special department. The department will be staffed by labor relations counsel who will be available for members. Activities will include: (a) research and fact dissemination on living costs, wages, working conditions, legislation, etc.; (b) arbitration and conciliation; (c) collective bargaining agreements.

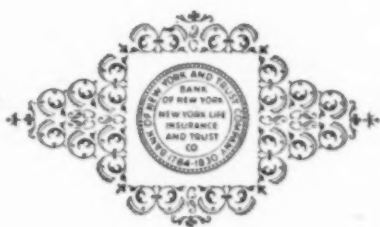
THE web of air-mail routes continues to shorten communication between widely-separated lands. On April 21 transpacific air mail service will be extended to Hong Kong from Manila, via Macao. A letter flying from San Francisco on Wednesday should reach Hong Kong the following Wednesday. Cost will be 70¢ per ½-oz. from the American mainland. The rate is the same to Australia, New Zealand, and intermediate points. It covers cost over domestic routes in Australia and China, as is the case with the Philippine rate.

WHAT every motorist and pedestrian knows: red means, "Danger, stop," green means, "Safety, go ahead." American Chain & Cable Co., Bridgeport, Conn., has capitalized the acceptance of green as a safety symbol. An emerald strand identifies the company's plow steel ropes. The concern adopted green as its official color two years ago. There was a distribution of green neckties and green bracelets.

Two trade shows will help build traffic on Eastern rail- and air-lines this coming week: National Oil Burner & Air

BUSINESS WEEK (with which is combined The Magazine of Business) March 13, 1937, No. 393. Published weekly by McGraw-Hill Publishing Company, Inc., Publication office, 99-129 North Broadway, Albany, N. Y. Editorial and executive offices, 330 W. 42nd St., New York, N. Y. James H. McGraw, Jr., Chairman; Malcolm Muir, President; James H. McGraw, Honorary Chairman; Glenn Griswold, Vice-President and Editor; B. H. Putnam, Treasurer; D. C. McGraw, Secretary. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; 20¢ per copy. Entered as second-class matter December 4, 1906 at the post office at Albany, N. Y., under the Act of March 3, 1879. Printed in U. S. A. Copyright 1937 by McGraw-Hill Publishing Company, Inc.

New York's First Bank  
Founded in  
1784



New York Clearing House  
Membership  
No. 1

## Losses During Recovery

In the two and one-half years since July, 1934, a time of general economic improvement, 2239 corporations have filed for reorganization under Section 77-B of the Federal Bankruptcy Act of 1934.

The list includes important railroad, public utility and industrial companies whose securities are widely held. Their reorganization frequently means the scaling down or elimination of common share equities, substantial loss to holders of preferred stock and secondary liens and, in certain instances, impairment of senior mortgage values.

In addition, over 20,000 companies of smaller size went into receivership under various state laws during the same 30 months, bringing losses to thousands of holders of their securities.

This record provides further proof that constant study and experienced judgment are necessary in supervising investments, whether the times are good or bad. This calls for the entire time and ability of trained specialists. For this reason we maintain a large Investment Research organization, whose recommendations guide the management of all trust funds and other funds placed in our care.

*This bank is now administering trust accounts whose makers  
or beneficiaries are located in 39 States  
and 14 foreign countries.*

## BANK OF NEW YORK & TRUST COMPANY

48 Wall Street • New York

UPTOWN OFFICE: MADISON AVENUE AT 63RD STREET

Copyright 1937—Bank of N. Y. & Trust Co.





Cooper Hewitt mercury combined with MAZDA incandescent lamps are helping to reveal "unseen details" of the universe at California Tech.

Four years of grinding and polishing will shape the 200-inch "eye" at California Tech—a task requiring carefully controlled working conditions. Lighting is particularly critical. That's why the cool, detail-revealing light of Cooper Hewitts was selected.

This "eye" which will soon reveal "unseen details" of the universe is symbolic of the function of Cooper Hewitt light throughout industry. By bringing all details into bold relief, this light promotes uniformly high-grade workmanship and materially cuts down rejects. Under Cooper Hewitt's glareless rays, eye fatigue and nervous strain are practically eliminated. Cooper Hewitt lighting proves itself to be the one "production tool" on which the efficiency of all others depends.

Either alone or in combination with MAZDA lamps, Cooper Hewitt mercury light is stepping up production and quality of work for nearly every branch of industry . . . General Electric Vapor Lamp Company, 809 Adams Street, Hoboken, New Jersey.

**GENERAL  ELECTRIC**  
**VAPOR LAMP COMPANY**  
799C

Conditioning Exposition, Convention Hall, Philadelphia, Mar. 15-19; International Flower Show, Grand Central Palace, New York, Mar. 15-20. With only 30,000 American homes air-conditioned and 1,350,000 equipped with fully automatic oil burners, Philly exhibitors will train rose-hued glasses on future expansion. Gotham garden exhibitors are a veritable American Burke's Peerage of industry and finance.

BUSINESS men who have followed the news of "alky gas"—alcohol made from farm products—will get the lowdown on how it's doing from the sponsors themselves on April 29. That day, following the opening address to the American Chemical Society in its Midwest regional meeting at Omaha, Dr. Leo M. Christensen will report on Farm Chemurgic's favorite child—the Atchison, Kan. plant making the fuel.

STEAMED up about electricity rates by the interchange of harsh statements between Mr. McNinch of Washington and the state public service chairman, Mr. Maltbie, New York residents last week found something to smile about in another quarter. The folks who live on Nantucket Island were reported to be pretty sore about the electricity rates charged by Massachusetts, and threatened to secede and join the state which claimed Nantucket in colonial days. What state? New York.

THE Chinese Chamber of Commerce, New York, supplies a long-standing need by publishing in convenient form a trader's handbook. Its *Chinese-American Trade Annual and Directory* is the first compilation of its kind by a Chinese organization. The book tells what China buys, sells, lists importers and exporters, describes trade opportunities, regulations, trade mark laws, etc.

HATCHET-BURYING characterizes the joint announcement of the New York Central and the Pennsylvania Railroads that they are cooperating on the design of new "advanced design" trains to reduce further the running times of the Broadway and the Twentieth Century Limiteds. Preserving traditional spaciousness, Pullman Co. will build the passenger cars to new standards of interior design and decor.

NEW arts of business courtship are to be read between the lines of the announcement that Associated Grocery Manufacturers of America is reserving a large block of space for its member-companies at the forthcoming Women's National Exposition of Arts and Industries, Grand Central Palace, New York, Mar. 29 to Apr. 3. An anticipated feminine attendance of 250,000 promises a wholesale opportunity for profitable business dalliance.



**ELEVATOR:** *Always in high efficiency*  
**MAINTENANCE:** *Permits accurate budget*  
**WITH** *Westinghouse Maintenance Contract*

*Call  
Westinghouse*

There is nothing that requires the care and inspection of trained, efficient experts more than the highly specialized machinery of a continuously performing elevator. Such annoyances as shutdowns and costly repairs are avoidable. Westinghouse Elevator Maintenance Contracts carry advantages and savings that warrant your time for inquiry. Through a contracted procedure of regular elevator inspection and care, supervised by Westinghouse engineers and experts, the elevator is kept in a renewed condition at all times. The owner is relieved of the many important details of elevator responsibility, and the maintenance budget is accurate. When the elevator machinery is kept clean, properly lubricated, and worn parts replaced at the most eco-

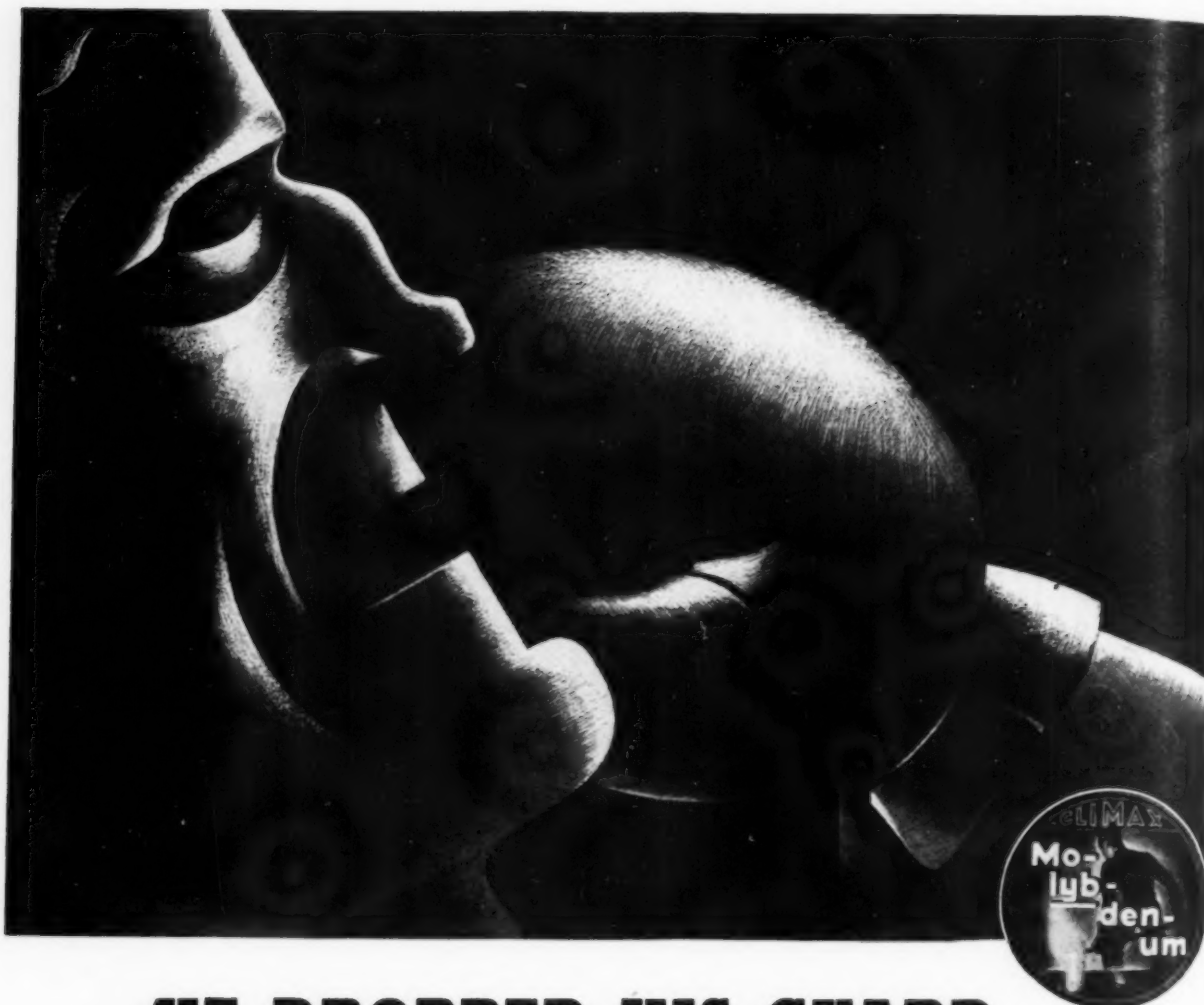
nomical time, large savings are effected. Complete safety is assured, shutdowns are prevented and the elevator is always operating efficiently. Westinghouse is completely set up to offer every type of elevator maintenance contract and at low cost. Men of extensive elevator training and experience are prepared to take over your elevator annoyances. Get in touch with any Westinghouse representative.

**ELEVATOR MODERNIZATION** is a self-liquidating investment. Handle rush periods efficiently. Lower maintenance and operating costs. Improve the property value and rentability. Westinghouse will make a comprehensive study of your elevator modernization problem without charge.

**Westinghouse**



**ELECTRIC ELEVATOR COMPANY**



## HE DROPPED HIS GUARD

A champion drops his guard for a split second—and is no longer champion.

A business relaxes its search for better materials and lower costs—and a competitor crowds to the fore.

Being primarily interested in ferrous development, Climax is in intimate touch with every phase of iron and steel progress. It can anticipate trends and estimate their significance. It can help to answer specific questions in the selection of ferrous materials.

Recommendations are backed by years of practical experience with alloy steels and irons in shop and laboratory. These recommendations have saved time and money throughout industry.

Our free non-technical booklet, "Molybdenum in Industry," will interest sales and production executives whose responsibility it is to provide better ferrous products at lowered costs. Address the Climax Molybdenum Company, 500 Fifth Avenue, New York City.

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# Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Administration pressure plus the expectancy of cheaper dollars with another boom in prospect swell the wave of labor's demands and industry's concessions set in motion when General Motors agreed to negotiate before the sitdown strikers evacuated its plants. Workers in industry after industry climb aboard to participate in benefits while the White House and congressional committees aid the movement by pleas, threats, propaganda, and implications.

## After NRA, the C.I.O.

C.I.O.-directed labor units are winning more than the NRA, National Labor Relations Board or all that the New Deal put together ever promised, much less delivered, as the President pleads for new blood in the Supreme Court, so that some substitute for the alphabetical agencies can be set up. The constitutional issue is pushed on a sidetrack, with the old idea of property rights converted to the new idea of the worker, instead of employer, owning his job—groups of workers owning the plant.

## Washington in the Background

With fears of what government can do, through Department of Justice prosecutions, internal revenue inquiries, congressional committees digging into secrets, and what not, employers hesitate to assert what they regard as their rights. Meanwhile, rising prosperity makes them loath to forgo the profit possibilities of boom years apparent in the immediate future.

## Inflation Argument

The conviction that price inflation is already under way also motivates employers to make any reasonable concessions, so far as wages and hours are concerned, since they can pass along the cost. It is argued, too, that rising trade volume and prices would speedily force such concessions anyhow. Their real grievance is against opening the gate down the road leading straight to the closed shop.

## The Big Drive

Hearings on the Supreme Court enlargement proposal forecast a long, bitter fight, prove that the President's fireside talks, regardless of the public support they may muster, will not silence opponents. A sufficient number of opponents to block cloture and hence prevent a speedy vote seems assured, despite utmost efforts by the White House to whip recalcitrants into line through patronage, bargaining and implied threats to

## ANOTHER ENIGMA

*Coolidge said "I do not choose to run" and nobody believed him. Now Roosevelt with appropriate qualification says it is his "ambition" to turn over the government to a successor in 1941. And the editorial writers who tried to convert Coolidge's enigmatic answer into an evidence of "availability" are solemnly interpreting the Roosevelt statement as a flat assurance that he will not run for a third term. Just possibly, of course, they may be fooled again.*

read Democrats out of party. Inside opinion is that the Administration—though openly uncompromising in its insistence on authority for six additional justices—is counting on some face-saving compromise. For unascertainable reasons White House lieutenants are absolutely confident of resignations among the high nine before the Administration bill comes to vote in the Senate.

## Wooden and Woodward

New Maritime Commission promises the same old working-at-cross-purposes which has clung to every shipping board since General Goethals, commenting on the first one, observed that "all boards are long, narrow, and wooden." Thomas M. Woodward, ardent government ownership advocate who got a berth through the influence of Senators Guffey and Black, is anathema to shipping interests. Senate is expected to confirm all five nominees, though Chairman Copeland of the Commerce Committee and many members were shocked at Woodward's selection, in view of his previous experience on the shipping committee under Secretary of Commerce Roper. He was eased out of that job.

## New Deal Faces Old Feud

E. C. Moran, Jr., ardent New Deal congressman from Maine who with-

drew from the race for reelection at Jim Farley's solicitation in order to bring about Democratic harmony in the Pine Tree State, is another nominee for the commission who will do anything the White House wants. However, the maritime bill which he introduced last session indicates that he leans toward Woodward's viewpoint. Shipping interests are pleased by appointment of J. P. Kennedy as chairman and would be much better pleased if Kennedy had exclusive power, especially since unanimous votes of the commission are required in certain contingencies. Apparently the old problem of whether we are to move toward government or private ownership, which has stymied action since 1933, is still with us and two bitterly opposing factions gird their loins for renewal of the old feud.

## One Sensible Power Policy

Cancellation of two government loans to farm electric cooperatives because private utilities have agreed to furnish power at the same rates is evidence that the objective of the Rural Electrification Administration is taking hold while cat-and-dog fighting continues in other quarters over the government's power policy.

## Outsmarting Ickes

Maybe rate reductions by public utility corporations are smart as well as just. San Francisco votes 77,614 to 65,688 against a \$50,000,000 bond issue to take over the city distribution system of Pacific Gas & Electric Co. just after a 10% reduction in rates by the company. Which leaves Honest Harold Ickes in a terrible dilemma. The law forbids sale of Hetch Hetchy power to private interests—but San Francisco has persistently done it and has refused at repeated elections to get in line with New Deal. Perhaps the President should appoint 20,000 new voters in Golden Gate city.

## Transportation Relief Wanted

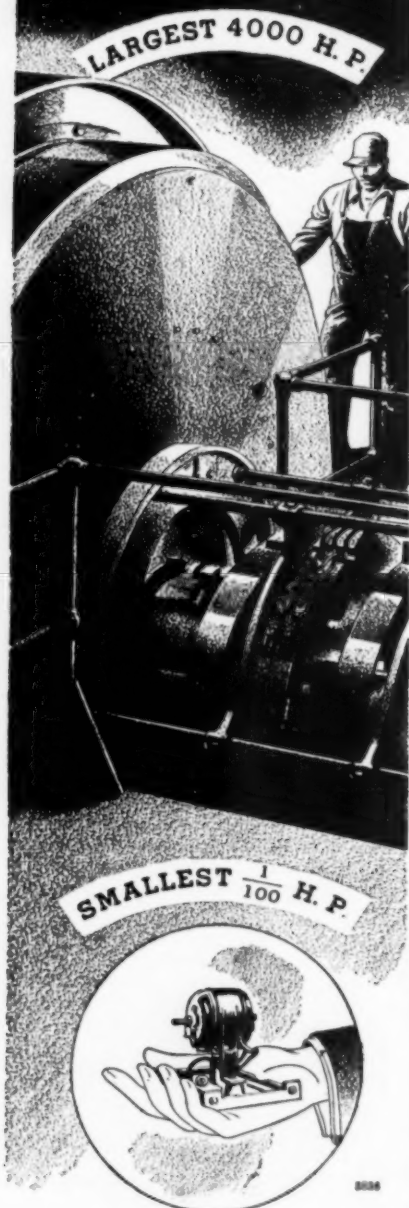
Transit, truck and bus interests will seek amendment of the Social Security Act if unable to obtain relief at hands of Altmeyer board. Like the railroads, the payrolls of these other transportation services represent a much larger ratio to income than in other industries. Forty per cent is indicated by a survey of trucking companies.

## Hours of Truck Workers

Investigation into the hours worked by drivers of privately-owned trucks will be undertaken by the Interstate Commerce Commission next month. Under the Motor Carrier Act, the commission has power to limit hours



**"What anti-friction bearings are on the largest and the smallest electric motors in the world?"**



**SKF**  
BALL AND ROLLER BEARINGS

(One of a series of three SKF ads — all in this issue)

if need of such regulation is demonstrated. Although safety is the primary factor, the competitive relationship of interstate private carriers to for-hire carriers has also to be considered. Hearings on the hours of service of for-hire carriers have just closed, with indications that initially the ICC's regulations will permit a fairly wide spread in hours worked.

#### F. & D. Communiqué

The battle on the food and drug bill shifts to the House, as the Senate passes the Copeland compromise that does not yet fully meet the President's objections nor the pressure of the Food and Drug Administration for freer hand in court on enforcement proceedings.

#### Price-Fixing Marches On

Tydings-Miller fair trade bill, favorably reported by the House Judiciary committee this week, will be pushed to an early vote on the floor. Meanwhile, its sponsors' contention that this legislation does not make resale price maintenance compulsory seems likely to prevail in the Senate committee and result in a favorable report.

#### Ready to Call It Quits

Federal Housing Administration will not oppose extension of the modernization loan title of its law but will be just as well pleased if it is permitted to expire Apr. 1. Defaults on \$500,000,000 of loans average 27%, about half of which is recoverable. FHA doesn't hanker to lay itself open to more grief and, having given impetus to this type of credit, is content to rest on its record.

#### Housing Marks Time

The Treasury's opposition to Wagner's slum clearance housing bill is rooted in apprehension lest it be followed by a wave of similar legislation increasing the public debt or contingent liabilities of the government. A compromise is certain. Meanwhile, the imposition of new taxes to subsidize housing is not being given serious consideration.

#### More Mortgage Trouble

Public and private real estate lending agencies, armed by the epidemic movement among state legislatures to outlaw deficiency judgments after mortgage foreclosures, point to the prompt cessation of Federal Land Bank activities in Idaho and North Dakota (first states to pass such laws) as examples of what must happen when the creditor loses protection. Elimination of judgments, they say, gives a debtor the option of settling in money or land, demolishes the tradition of personal obligation. Chief

sufferer will be the marginal borrower, who will either get a smaller loan or pay a higher rate to compensate for the added risk. Control, not abolition, is suggested as a remedy for admitted abuses of deficiency judgments.

#### L'Affaire Française

Refusal of Washington to find a loophole in the Johnson Act to enable France to float a piece of its coming loan in this market is a blow to the franc, and the position of that currency is a touch-and-go affair. The coming "touch" now must "go" over big in France and England, or the franc's position will be precarious indeed, notwithstanding spiritual support from the multipartite currency agreement. If the loan succeeds with a bang, French fiscal affairs will be immensely improved.

#### May Yet Roll Its Own

Although the deadlock over the Walsh-Healey Act as applied to steel is broken, the prospective high bids on Navy requirements are expected to revive proposals for government manufacture. The Metal Trades Department of the American Federation of Labor advocates rehabilitation of the old Charleston, W. Va., armor plate plant, where it is estimated that in 16 months production would reach 80,000,000 lb. a year, and recommends purchase by the Navy of several other small steel plants.

#### —And May Not

Steel men in Washington offer at least three answers to proposals to open the Navy steel plant at Charleston: (1) The Charleston plant can make armor plate only, not structural steel; (2) not a half dozen men in the country know how to run such a specialized plant, and they would probably not take the job if offered at the best wages Uncle Sam will pay; (3) it would take at least six months to put the plant in operating condition to run; and then four months more to turn out the first product after melting actually started.

#### Cargo of Destruction

One form of Ohio flood damage that cannot be assessed for several months is the probable spread of corn borer through the lower Ohio and Mississippi valleys. Pestiferous worms, sealed for winter in old cornstalks, have been known to survive 40 days' submergence with energies—and appetites—unimpaired. Knowing that millions of stalks have been carried down the river from heavily infested areas, perhaps all the way to the Gulf, the Department of Agriculture is awaiting developments of the next few months with foreboding.

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# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



## The Figures

Latest Week	*80.6
Preceding Week	†79.9
Month Ago	79.9
Year Ago	68.8
Average 1932-36	61.2

## PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
*Steel Ingot Operation (% of capacity).....	87.3	85.8	80.6	55.8	38.1
*Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)...	\$9,703	\$9,825	\$8,856	\$6,350	\$4,232
Engineering Construction Awards (Engineering News-Record, 4-wk. daily av.)	\$8,543	\$8,176	\$6,800	\$7,523	\$4,289
*Bituminous Coal (daily average, 1,000 tons).....	*1,874	†1,791	1,419	1,662	1,331
*Electric Power (million kw.-hr.).....	2,200	2,207	2,201	1,893	1,644

## TRADE

Total Carloadings (daily average, 1,000 cars).....	124	119	110	112	99
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	79	76	70	67	61
*Check Payments (outside N. Y. City, millions).....	\$5,272	\$4,115	\$4,753	\$4,459	\$3,635
*Money in Circulation (Wednesday series, millions).....	\$6,407	\$6,372	\$6,348	\$5,848	\$5,764

## PRICES (Average for the week)

Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.38	\$1.33	\$1.30	\$1.08	\$0.77
Cotton (middling, New York, lb.).....	14.13¢	13.46¢	13.18¢	11.32¢	9.78¢
Iron and Steel (Steel, composite, ton).....	\$39.47	\$36.95	\$36.64	\$33.60	\$30.90
Copper (electrolytic, Connecticut Valley basis, lb.).....	15.625¢	15.000¢	13.000¢	9.250¢	7.456¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100).....	215.2	209.8	205.9	170.4	129.3

## FINANCE

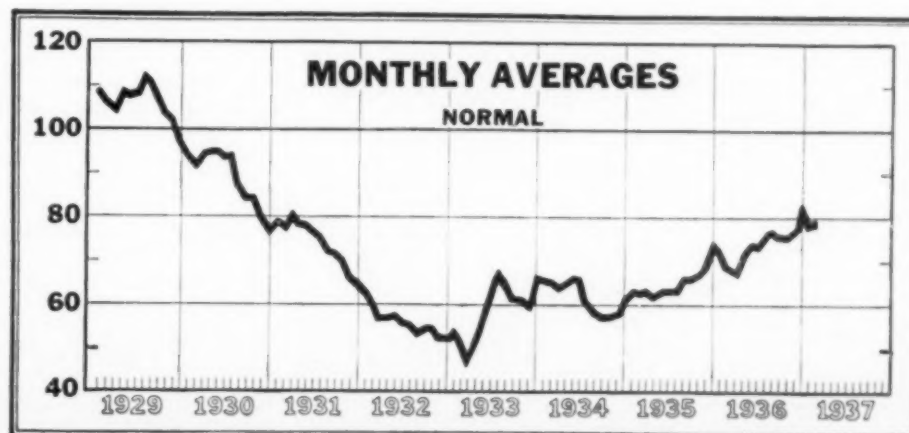
Bond Yields (Standard Statistics, average 45 bonds).....	4.27%	4.27%	4.20%	4.22%	5.33%
Interest Rates—Call Loans, Renewal, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	.75%	1.25%
Interest Rates—Prime Commercial Paper, N. Y. City (4-6 months).....	.75%	.75%	.75%	.75%	1.58%
Business Failures (Dun and Bradstreet, number).....	174	166	184	201	372

## BANKING (Millions of dollars)

Total Federal Reserve Credit Outstanding (Wednesday series).....	2,457	2,460	2,463	2,475	2,457
Excess Reserves, all member banks (Wednesday series).....	1,310	2,100	2,150	3,043	1,340
Total Loans and Investments, reporting member banks.....	22,718	22,675	22,579	21,206	19,352
Commercial Loans, reporting member banks.....	4,692	4,633	4,552	3,760	8
Security Loans, reporting member banks.....	3,280	3,272	3,238	3,258	3,979
U. S. Gov't. and Gov't. Guaranteed Obligations Held, reporting member banks.....	10,275	10,303	10,363	9,858	8
Other Securities Held, reporting member banks.....	3,322	3,318	3,275	3,182	8

\*Factor in Business Week Index. \*Preliminary. †Revised. ‡New Series, Excluding Real Estate Loans. §Not Available.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.



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# MAY METHODS FIND THE MONEY FOR TAXES AND WAGE INCREASES

**I**NCREASED living costs will force you to pay higher wages to your employees during 1937.

To many executives, this increased expense, coupled with Federal Taxes for Social Security benefits and Unemployment Insurance, will seem an unsurmountable handicap.

But it can be met . . . profitably. The experiences of hundreds of George S. May clients are proving that every day. These progressive firms, representing almost every line of industry, are finding money for the added overhead in savings previously hidden in excessive production and selling costs.

May Methods permit the payment of wage increases because they not only eliminate waste in all departments, but also provide proper incentives to effect substantial increases in each worker's productive capacity. Any employer would gladly increase wages 10% to 15% if he can get his employees to produce 20% to 30% more work.

You can apply May Methods profitably to the solution of your own business problems. Put them to work for you now and be prepared to meet the wage increases your employees will soon demand.

*An inquiry addressed to our nearest office will bring complete information*

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silk tra



# The Business Outlook

LABOR and an upward sweep of metal prices occupied the headlines in the business news this week. Encouraged by recent successes in the motor and steel industries, the Lewis forces upset production schedules in the Chrysler and Hudson plants at Detroit, struck the Lebanon plant of Bethlehem Steel for a similar contract to that achieved at Carnegie-Illinois, pushed negotiations for contracts among other plants of the U.S. Steel Corp., set up preliminary organization plans for tackling textile and shoe industries—in short, kept the pot boiling pretty briskly. Activity of American Federation of Labor representatives on behalf of those not swept into the meshes of the Committee for Industrial Organization is being watched with interest in the steel mills.

## \$208,000,000 Steel Boost

Price boosts on steels, both light and heavy, were so comprehensive that trade papers like *Iron Age* declare comparable increases have not been seen since World War days. An estimated \$208,000,000 will be added to costs of steel users to cover recent increases in labor costs and material price advances. Motor companies were hit hardest, with advances of \$7 to \$11 a ton being posted. Tubular products, untouched since 1934, rated advances as from \$10-\$12 per ton. Wire products took a second advance within a week. Only tin plate seemed to escape the general wave of increases.

## Rise in Copper and Tin

Not to be outdone by price boosts in steels, the non-ferrous metal markets staged a show of their own. Copper jumped from 15¢ to 16¼¢ over the week-end; lead moved up to 7¼¢. Tin, too, joined the parade, despite the fact that the International Tin Committee agreed to keep production for the second quarter of 1937 at the same rate as the first, or at 100% of standard tonnages.

## Scramble for Textiles

Textile buyers, reading the threats of Mr. Lewis against the industry, rushed into the markets again. Prices were shifted so rapidly, especially for later deliveries, that buyers had a hard time to keep abreast. Rayon mills, operating at capacity, shipped all the yarn they were able to produce last month, leaving stocks unchanged at the ridiculously low figure of 0.1 month's supply. Improved deliveries of silk to mills this year compared with last year are encouraging the silk trade.

## MORE RECONSTRUCTION

*Business has not completed its reconstruction program despite the substantial expenditures made last year. Cities Service has a \$42,000,000 program lined up for 1937 after spending \$29,600,000 in 1936. Bethlehem Steel has to spend \$38,118,800 on a job which was begun last year. United Fruit has appropriated over \$7,000,000 for 1937 capital expenditures and has more than \$2,800,000 left over from 1936. Wheeling Steel has set up a \$4,500,000 appropriation as a starter.*

## Prosperity for Paint

The paint industry is set to go places this year. It opened the year with sales running 27% ahead of last year. With a fair-sized boom going on in both home and industrial building, the industry stands to profit. Recent price advances in lead suggest higher prices for paints.

## High Wages Help Retailers

Retailers view every increase in wages as a prospective boost for their sales. First two months' sales of department stores ran 11% ahead of comparable months of 1936, but optimistic merchants are counting on an 18% increase for March, which includes the Easter business this year. Variety stores increased their February business by more than the usual amount, and maintained a margin of close to 10% over a year ago. Leading mail-order houses reported February sales at least 20% better than last year, when cold weather cut into buying.

## Store Employees Organize

But all is not well on the retail front. The acceptance by the steel industry of the 40-hour week and a \$5-a-day minimum wage set a precedent that is going to spell trouble. The strike in the Woolworth stores at Detroit didn't help any, either, and there are reports that employees in some of Detroit's leading department

and chain stores are organizing. C.I.O. is said to have a nucleus in Providence, R. I., stores, too. But even before labor went after shorter hours and higher pay, some of Chicago's leading merchants granted these benefits voluntarily (*BW*—Feb 13'37, p26).

## Strikes and Auto Production

It's a bit disturbing, too, to find that March motor production may be curtailed by the present difficulties at Chrysler, though that should spur General Motors to greater effort to make up for lost sales in February, when its strike took the heaviest toll. Industry-wide production in February held well above a year ago despite the fact that G.M. was out of the running, and a March total of at least 550,000 units had been expected until this latest labor hitch. Incomplete February sales records suggest that sales slipped 21% below those of January, but held 25% above those of a year ago.

## Auto Prices Unchanged

Though the motor industry will be hard hit by the advances in steel prices, it is likely to hold off price advances in its own products until the 1938 season comes along. It is pretty well protected by current supplies until along in June, and that's about the end of the 1937 season.

## Railroads Heavy Buyers

Railroads have been good customers of the steel industry this year. *Railway Age* records domestic orders for 79 locomotives (of which 68 were steam and 11 were diesels), 21,413 freight cars, and 224 passenger-train cars for the first two months, as well as 1,050,000 tons of steel rails. Lay this beside some of the annual totals of recent years, and the comparison is impressive. Canadian markets were particularly active last month, with 50 locomotives and 7,258 freight cars ordered.

## Seattle Rejects Buses

It was something of a disappointment to the bus industry that the Seattle electorate turned down the proposition to replace antiquated tram cars with buses. The trolley bus division of the industry has already booked orders for about 250 units so far this year, and it looks as if in no time last year's record of 545 will be left far behind.

## Refrigerator Prices May Rise

Manufacturers report household refrigerator sales in January running 46% ahead of last year, and because of rising prices of raw materials and wages a price rise on the 1937 line would be no surprise.

# FOR NEW LOW-COST HAULING!

# PLYMOUTH

# COMMERCIAL CARS

**IT WAS BOUND TO COME!** A line of big 116-inch Wheelbase Commercial Cars ...with the **DURABILITY, LOW UPKEEP** and **LOW OPERATING COSTS** for which Plymouth Passenger Cars are famous! Engineered and built for **New Low-Cost Delivery** and light hauling...See them before you buy new equipment!

**THIS IS** a move many a business man has long urged Plymouth to make: Plymouth has extended its great engineering ... its famed reliability and economy ... to the commercial car field.

## Money-Saving Features

Plymouth Commercial Cars have a great 6-cylinder "L-head" economy engine ... and with calibrated ignition ... it gives the tremendous power of 6.7 to 1 compression on regular gasoline. Water jackets are full-length with directional circulation. Valve-seat inserts save valve grinding. Other important features include four piston rings ... silent, chain driven camshaft ... a big special clutch.

For strength and safety ... the big six-inch double-drop frame has five massive cross members ... *all-steel* bodies and cabs ... *double-action* hydraulic brakes that are self-equalizing ... super-strong Hypoid rear axle.

Today, "Look at All Three" low-priced commercial car lines. Compare performance ... features ... size ... and operating economy. Get Plymouth's story from any Chrysler, De Soto or Dodge dealer.

See how much extra durability and *value* Plymouth has built into these modern commercial cars.

**EASY TO BUY!** Plymouth Commercial Cars are priced with the lowest. Low first payments and easy monthly terms are offered by the Commercial Credit Company. See your Chrysler, DeSoto or Dodge dealer. **PLYMOUTH DIVISION OF CHRYSLER CORPORATION.**



**PLYMOUTH PICK-UP TRUCK:** 116-inch wheelbase. Powerful 6-cylinder "L-head" economy engine. Body dimensions—72" x 47½" x 17". All-steel cab and body ... 100% hydraulic brakes, self-equalizing.



**PLYMOUTH COMMERCIAL SEDAN:** 116-inch wheelbase ... with the powerful 6-cylinder "L-head" engine. The smartly-styled body is *all-steel* ... with a carrying capacity of 105 cubic feet. New low cost in quick delivery work.

# BUSINESS WEEK

MARCH 13, 1937

## How Many "Big Unions"?

**Lewis answers, "One," but business finds it has to deal with divided labor movement and that independent unions are important in picture.**

THE American Federation of Labor suddenly sat up in bed this week, reached for its pants and prepared to sally forth to battle. Parading past the ancient and honorable craft-union house was a band of former A. F. of L. members, carrying a banner labeled "C.I.O.," and they were beginning to make so much noise and to attract so many followers that something had to be done about it.

Above the uproar occasioned by two big union groups, business heard still another loud voice—that of the independent unions, or "company" unions. Overlooked in recent weeks, they were asserting their importance. Some of them are leaning toward C.I.O. (as in the Chrysler plants), some are definitely opposed to Lewis & Co. (as in Carnegie-Illinois). Then, too, a sizable bloc of men in nearly every industry don't belong to any union, haven't taken any active interest, are waiting to be convinced.

### Importance Is Seen

All this made up a situation which business management, watching the spread of industrial unionism and studying the recent steel agreement to find its broad applications, was inclined to regard as highly important. No business man could afford to ignore it.

Up to this week, during the past couple of years, the A. F. of L. under direction of William Green and other old-time believers in craft unionism had chosen to "sit tight" and wait for the dissident unions under John L. Lewis to stub their collective toe. No noticeable stumbling had occurred, and the signing of agreements between C.I.O. and Big Steel last week was an earthquake which rocked the older organization to its foundations.

Not only is the A. F. of L. older than the C.I.O.—it is bigger. Mr. Lewis' offhand estimate of C.I.O. strength is around 2,000,000 men, and no one would be likely to guess higher than he. The federation has some 2,750,000 dues-paying members. If it can offer an attractive, vigorous leadership to compete with that of C.I.O., a quite evenly-balanced struggle for supremacy is in prospect.

In the great U.S. Steel plants may be

found a case study which presents all the elements of the problem in sharp relief.

1. The C.I.O., busting along on the glory trail and signing converts right and left.

2. The "American Union of Steel Workers" (title just adopted this week), composed of the so-called company union men who don't like C.I.O. and who have been very insistent that management make separate agreements with them.

### Workers' Ideas Vary

3. A half-million steel workers, more or less, who have all sorts of ideas about what's right in the way of hours and wages, vacations with pay, etc. Some of them think 40 hours is a good week's work, some others think 40 hours isn't long enough if you get a smaller week's pay than for 48 hours. A lot of them are red-hot joiners who like the "sole representation" idea, and a lot of them aren't steamed up about it. Plenty of them don't like to pay dues to anybody for union membership.

4. The company management. In the case of U.S. Steel, the company policy is based on a hope that propo-

tional representation will work. In the final analysis, the decision is up to the worker himself. He will have to choose his path.

Put these elements together and the problem resolves itself, in the minds of many business men, to this: "Now that the test has arrived, can the C.I.O. prove itself big enough to handle the job? Can it organize, control, and direct wisely the activities of the workingmen it has spoken for? Will it build an objective economic view for its members? Will it, in cooperation with management, study and meet self-evident business facts?"

The steel agreement brought all these points into immediate focus. Both sides to that agreement were confident and hopeful this week. Just how strong the C.I.O. is, in U.S. Steel, cannot be accurately determined—but the annual employee representation elections, held by secret ballot in the corporation's plants each June, will tell. Last year, John L. Lewis got a scattering few votes; this year he or his representatives will get a lot.

### Green More Interested

The A. F. of L. was cold at first to the appeal from Carnegie-Illinois independents who asked support in fighting the C.I.O., but this week John P. Frey went into a huddle with them at Pittsburgh, and William Green issued a new statement which indicated he was listening closely. He also called upon the Structural Steel Workers, an A. F. of



**READY TO SIGN 'EM**—Losing no time, representatives of the C.I.O. United Automobile Workers of America established "offices" at the gate of the Hudson Motor Co. plant in Detroit when workers went out on strike and sought a new crop of members.



L. affiliate, to get going and organize the fabricating end of the industry. Philip Murray retorted for the C.I.O. that the structural workers themselves would be taken into the "one big union" of industrial organization.

Appraisal of Green's strength now rests upon action by the A. F. of L. unions on his request "to draw a line and to make a distinction between the A. F. of L. and the C.I.O." If this be interpreted to mean expulsion of C.I.O. affiliates, battle between the rival organizations will spread to a wide front.

Popularity of the "one big union" idea has grown tremendously in many industrial plants since the turn of the year, and the craft unions will have to make a strong effort to combat it. Their activity may put heart into some A. F. of L. members who have been turning an interested ear to the C.I.O.

Green has some expert organizers who are rarin' to go, and he pulled 50 of them into conference this week on strategy. The federation will thrust into aluminum, flour, cereal, cement, gasoline station, and agricultural industries. C.I.O. wants these, too—and has been very active among aluminum and gas station workers. Six thousand employees of the Aluminum Co. at New Kensington, Pa., largest A. F. of L. unit in that industry, bolted last week to C.I.O. And this may lend immediate point to the federation call to battle.

## Lewis Sizes Up His Next Foes

Disdaining the A. F. of L., he drives into big industries, varying his demands according to his strength. C.I.O. prepares textile attack.

WASHINGTON (*Business Week Bureau*)—With nothing but contemptuous silence for the words and actions of William Green and other American Federation of Labor leaders, John L. Lewis called his Committee for Industrial Organization into headquarters this week to plot another offensive.

The C.I.O. which started with a nucleus of eight unions in November, 1935, to campaign for industrial unionism, and which now claims some 2,000,000 dues-paying supporters, still is an "educational" institution. The psychology of fear among workers in the mass production industries has been dissipated, Lewis declares, intimating that he is not yet ready to weld all of them into organizations. There will be some loose ends, he says, in preliminary stages of the arrangements with the automobile and steel companies. In the meantime the C.I.O. wedge will be driven into textile, shoe, oil, and other industries (page 45). Immediate steps will be taken to charter local labor bodies by states and cities to combat existing A. F. of L. groups.

"C.I.O. will conduct substantial organizing campaigns in various industries that will be complete and comprehensive when they are launched," Lewis announces. He will not bite off more than he can chew. He's an idealist, according to his loyal colleagues, but he achieves his ideals by practical steps. In negotiations with General Motors and Carnegie-Illinois, he made the best terms he could, which for the present means the right to represent and bargain collectively only for the members of the C.I.O. union. In tackling Chrysler, it is as the exclusive bargaining agent for all employees. Thus will his demands upon other industries be gauged by an estimate of his strength.

### Textile Industry Next?

Lewis says the C.I.O. has not entered the service trades, and he is noncommittal as to the future. He is preparing for a long siege of the textile industry, as the battle lines will stretch practically the entire length of the Atlantic seaboard. While the C.I.O. pushes the drive to add 1,200,000 workers to the 100,000 claimed by the United Textile Workers, an international textile labor conference will meet here Apr. 2 for preliminary discussion of a 40-hour week agreement to be submitted to the June session of the International Labor Conference at Geneva. The United States, Great Britain, France, Belgium, and Czechoslovakia will be represented.

While organization activities spread, Washington waited impatiently for development of a new angle of tremendous significance to industrial management, thrust into the labor situation by President Roosevelt. It is his conviction, expressed in a statement not written by his own hand but edited by him, that "it is necessary for the federal government to have some authority to compel collective bargaining and to enforce the maintenance of contracts both by employers and employees."

Lewis asserts that unions do not repudiate or void their agreements—never have, never will. So that's that—for the present. The issue is still confused by the assumption that Roosevelt necessarily has in mind the incorporation of labor unions, a proposition which labor traditionally opposes as a deprivation of the right to strike. The President, however, is stepping lightly, refusing to enlarge on his idea when questioned by newspaper men.

### This Is the C.I.O.

#### Original Committee

**John L. Lewis**  
United Mine Workers

\***Charles P. Howard**  
Int. Typographical Union

**Sidney Hillman**  
Amalgamated Clothing Workers

**David Dubinsky**  
Int. Ladies Garment Workers

†**Thomas F. McMahon**  
United Textile Workers

**Harvey C. Fremming**  
Oil Field, Gas Well & Refinery Workers

**Max Zaritsky**  
Cap and Millinery Workers

‡**Thomas H. Brown**  
Mine, Mill & Smelter Workers

#### Recruits to Date

§**Glen W. McCabe**  
Flat Glass Workers

**B. Frank Bennett**  
Iron, Steel & Tin Workers

**Homer Martin**  
United Automobile Workers

**S. H. Dalrymple**  
United Rubber Workers

\***Heywood Brown**  
American Newspaper Guild

**James B. Carey**  
United Electrical & Radio Workers

**John Green**  
Marine & Shipbuilding Workers

**Officers:** John L. Lewis, chairman  
Charles P. Howard, secretary  
John Brophy, director

\* Not representing union.

† Succeeded by Francis J. Gorman.

‡ Succeeded by Reid Robinson.

§ Suspended from presidency by union but still member of C.I.O.

C.I.O. local groups, organized on own initiative and not yet integrated with national council, are operating in Philadelphia, Seattle, and Tacoma.

Regional councils have been set up in New England, North Jersey, and South Jersey, with others planned to blanket the country.

For major organization campaigns, subsidiary committees are set up by C.I.O.; in the case of steel the Steel Workers Organization Committee divided the industry into three sections. Northeast section, headquarters Pittsburgh, is headed by Clinton S. Golden; Western section, Chicago, by Van A. Bittner; and Southern section, Birmingham, by William Mitch. Top man in S.W.O.C. is Philip Murray.

## Russian Gold Record

**Business Week's foreign editor, visiting Moscow, finds Soviet gold production far higher than reported with gold reserve second only to United States.**

Moscow (Cable)—High Soviet officials, interviewed by *Business Week's* foreign editor, confirm this publication's recent contention that both Russia's gold production and her gold stores are far greater than estimates published in the United States.

Gold output here last year exceeded 10,600,000 ounces. This means that the Soviet is crowding South Africa for first place as the world's leading producer, as predicted in 1934. The Soviet's 1936 output of gold was almost as great as South Africa's 1935 figure but the Transvaal's production of 11,339,411 ounces last year kept it in the lead.

Russia's amazing jump from the last published figure is due to a record output by new fields. The 1937 program plans a 35% increase in production.

### Next to U.S. in Reserves

What is even more important in view of the apprehension in some countries over continued German threats, is confirmation that the Soviet Union's gold reserves are now exceeded only by those of the United States. Officials here refused to name the exact figure but admitted that the Russian reserve exceeds \$7,000,000,000. The gold reserve of the United States is almost \$11,500,000,000.

Soviet officials are now considering granting *Business Week's* foreign editor the unique privilege of viewing the gold stored in the Moscow vaults.

In one way, Russia's present position is another guarantee of peace. Any nation will hesitate to attack a Russia well supplied with the precious metal. Here is something to dampen the martial ardor of the Nazis (with practically no gold) and of the Japanese militarists (who have comparatively little). Not only is the U.S.S.R. now self-sufficient in its food—with at least a three-years' supply being held in reserve, according to informed estimators—but she is well able to make large emergency orders abroad and pay for them in cash.

### Serebrovsky Appointment Cited

Moscow emphasizes the importance of the appointment of A. P. Serebrovsky to head the non-ferrous branch of heavy industries as an indication that those lines are the next to be heavily developed. It was Serebrovsky who took hold of the lagging gold industry several years ago and boosted output to its present record levels.

This week Mezlausk (well known to American executives and in Chicago

WHY?—Because Ivan Ivanovitch and his thousands of coworkers have been inspired by "Stakhanovism" to drill out more ore (right) and because modern machinery and up-to-date mining engineering has been made a basic consideration of the Soviet mining program, Russia has given the world a surprise. Surface mining in the rich Far Eastern territory along the Sungari River (below), was recently opened to gold production.

*Sovfoto photographs*



where he once worked) held his first departmental conference as new Commissar of Heavy Industry. In this initial meeting with his lieutenants, he devoted most of the time to the successful gold industry which he set up as an example to all other sections of his Commissariat.

## Drug Bill Past Senate

**Copeland measure goes to House, where it faces fight of FTC to control advertising.**

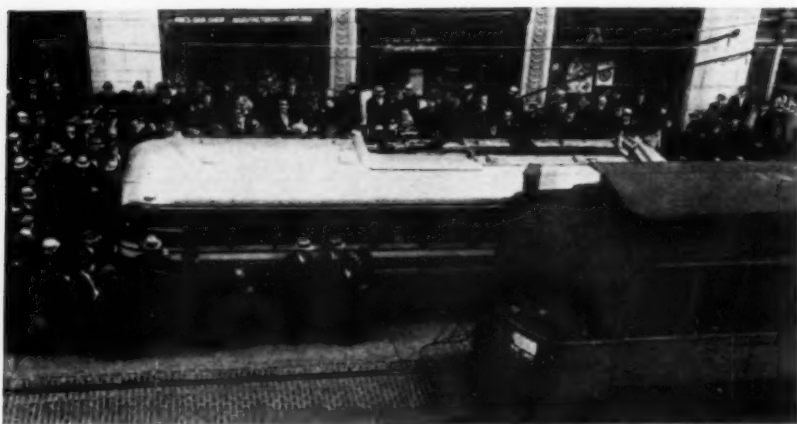
"The Federal Trade Commission already has its hands full." Thus airily dismissing what still stands as the biggest threat to the realization of his four-year ambition, Sen. Copeland on adjournment of the Senate last Tuesday celebrated the passage of his Food and Drug Bill through the upper house. And it was a famous victory, for just a fortnight ago when the President implied that Copeland's bill was nothing but a softie, it looked as though the measure might become a political football. But the senator converted an apparent slap in the face into a pat on the back, and—whoops—with just a modicum of change, the bill slid through the Senate with unanimous approval.

Now all that he and his backers have

left to do is settle with the House the issue of whether control over advertising shall be vested in the Trade Commission or the Food & Drug Administration as provided in the present measure. That's all—but it was enough last year to wreck the bill when it had progressed to the point where it is now, and history may well repeat itself.

Here again, however, circumstance plays into the hands of the senator, for the death of Rep. Stubbs took Rep. Lea, chairman of the House Interstate and Foreign Commerce Committee, on a long trip out West for the burial of his fellow-Californian. This has sidetracked consideration of the Lea bill, designed to steal a march on the Food and Drug Bill by sweeping control over all advertising into FTC's hands, and affords opportunity for F&DA advocates to perfect their defenses for the House fight. Then, too, on this issue of FTC vs. F&DA the senator may again be able to employ to advantage the President's intervention in the food and drug fight.

Consumer interests, notably the women's clubs, are hoping to make even more effective use of the President's manifest attitude. Generally, they approve the measure as it passed the Senate—its extension of control over cosmetics; its prohibition of false advertising, not now covered by the 1906 law; its elimination of the "distinctive



Wide World

**BUT SEATTLE SAID NO**—Pretty girls, pretty buses, and a thorough campaign by proponents of "all-rubber" transportation failed to sell Seattle a plan to junk the street cars this week. Referendum on Tuesday met with complete defeat, and the motormen's union hoped that the present system now would be reconditioned.

names proviso" which exempts some proprietary articles from the provisions of the existing law; its lifting of the requirement that fraud as well as falsity must be proved in misbranding actions, and its general tightening up of provisions regulating for all food and drug products the purity of contents and the accuracy and completeness of labeling. Specifically, as regards Sen. Copeland's bill, they protest:

(1) Its failure to provide penalties for false advertising. The injunctive procedure which it prescribes may permit of fast enforcement action, but it is no adequate deterrent to repetitious violation, they say.

(2) Its provisions which virtually restrict F&DA to a single seizure of misbranded goods except in those instances where the misbranding (including the false advertisement of directions for use of a drug) renders the product "actually dangerous to health or is, in a material respect, false and fraudulent."

The womenfolk protest all three italicized phrases, though Sen. Copeland is proud of his final deal on the much-fought Bailey amendment, having persuaded the gentleman from North Carolina to accept the word "actually" in place of "imminently" and to approve another provision subjecting to seizure action any product with a label that declares it to have any effect in the treatment of cancer, tuberculosis, Bright's disease, poliomyelitis, venereal or heart diseases. Consumers strongly oppose the amendment which Borah pushed through on the floor providing for trial of seizure cases in the defendant's home court district.

(3) The exemption from false advertising charges which it accords to such representations as are "supported by persons who, by reason of scientific training and experience, are qualified as experts on the subject." This quali-

fication, it is charged, throws the door wide open to any white-coated office boy from a defendant's laboratories.

To industry representatives, on the other hand, these three protested aspects of the bill represent the minimum assurance which they feel is vital to the protection of their interests. It is the net result of four years of strong defensive fighting, and while even further modification would be welcome—while some trade groups are even rendering undercover aid and comfort to the Trade Commission in its fight for advertising control—industry as a whole concentrates its energies chiefly on resistance to any further toughening of these critical sections.

Since its introduction early in the session (BW—Jan 16 '37, p. 38) the bill has been altered in only two other significant respects in its course through the Senate. One of these changes, which was accomplished on the floor as a result of Sen. Duffy's efforts, pleases dairymen, for it permits the artificial coloring of butter and cheese without label declaration. A second change, made in committee, extends the ban on false advertising to all representations concerning "the identity, strength, quality, purity, quantity, origin, source, harmlessness, or safety" of products and their ingredients.

## San Francisco's "No"

**City votes against Ickes on municipal ownership; what will he do about it?**

SAN FRANCISCO (Business Week Bureau)—On a lateral pass, San Francisco voters tossed the ball back to Sec. Ickes this week, and sat back to see what he would do about it. The secretary had been very insistent that the city distribute its own electric power and cut Pa-

cific Gas & Electric out of the system whereby it is "agent" for the power generated from Hetch Hetchy water system. And by a 7 to 6 vote, the city declined to back a \$50,000,000 bond issue to buy the utility properties.

Sec. Ickes thinks the present system of distribution entirely illegal, citing the Raker Act of 1913 which said the city should distribute it. But the voters weren't excited, and less than half of them took the trouble to cast a ballot. Totals were 77,614 to 65,688.

At the same time, organized labor won a substantial victory, when the city's anti-picketing ordinance was repealed, 77,421 to 68,249. Labor groups had been active in support of the repeal, and business interests pretty generally had joined the chamber of commerce in opposing a change.

## N.Y. Woman Steps Out

**Decides to seek readers outside metropolitan area, and increases its capital.**

MAGAZINE circulation men watched a bit skeptically last year as *New York Woman* got under way, with a tight 50-mile circle drawn around its New York City advertisers and a determination not to cater to any readers outside that radius. Some of them said it wouldn't work; if the magazine was good it would be read outside the city and if it wasn't the concentration wouldn't help much.

This week the directors of the magazine, coincidentally with the announcement of an increased capitalization from \$750,000 to \$1,250,000 (shares offered to present stockholders at \$1.37½, to the public at \$1.87½), admitted that the circulation men were right. The magazine is going to be sold nationally.

In its short life (first issue Sept. 9, 1936) the *New York Woman* has gone through a cycle which first made it look very hot indeed, then almost wrecked it. It sold out the first four issues completely, raised its circulation guarantee from 55,000 to 77,000 in October, watched both circulation and advertising gain through November. In December rumors that "*New York Woman* will fold" ran through New York, got to its advertisers, and both circulation and advertising came down rapidly.

Hanging on, the magazine weathered this period, and the department stores which constitute the bulk of its space customers came back. Cleaning house, the directors of the periodical planned a long-time promotion campaign this week, and hired Stanley Walker as editor. Women outside the New York area will be sought as subscribers, and the newsstand sale will be widened.



# Labor Speeds the Price Rise

**It's normal for wages and prices to go up in sellers' market, but labor has an abnormally heavy foot on accelerator this time.**

LAST week steel, keynoter for America's heavy industries, announced boosts in wages and prices; and this week business as a whole no longer could dodge the fact that this is a sellers' market.

The good old law of supply and demand is working according to Hoyle. During the lean business years, stocks of raw materials and manufactured goods got down to a point where any sudden increase in consumption might produce a buying scramble (*BLW*—Feb. 20, '37, p. 15). That has happened; and it is nothing to get scared about. It is normal.

Copper has been booming on worldwide demand, partly for armaments. Steel producers in the United States have had to turn down foreign orders. Lead and zinc are at new highs. Rosin is commanding a high price. Wheat, corn, hogs, and cattle are at or near the best levels for years.

The copper situation is symptomatic. Producers' inventories got to the scarcity point. Then demand for munitions gave the market an upward impulse. And it's been moving on that momentum ever since. There are more copper mines in existence than the world needs. And at 16¢ a pound, any of the mines can operate at a profit. But, for the time being, supplies are scarce, demand is great, the price soars.

## Demand Presaged Boost

Steel did not need the wage boost as an excuse for raising prices. Demand for its products was sufficient justification. With the industry operating at better than 85% of capacity and with the prospect of 1937 output exceeding 1929's steel ingot production of 54,300,000 tons, buyers in the market were hardly in the position to resist the price rise.

Nor was steel particularly skimpy in passing on the wage burden. Estimates—rough but reliable—indicate that consumers will have to pay somewhat more than the net increase resulting from higher wages. Moreover, the steel companies will get the benefit of a lower overhead per net ton produced. Which means that the pay advance does not proscribe a profitless prosperity for the industry.

However, an important factor to be noted in the situation is that the Committee for Industrial Organization has been a powerful force in the price increases. Its well-timed demands for higher wages have accelerated the rising price trend. The result:

Costs go up. Prices are raised to

## Prices: On Their Way—Up

Commodity	Recent Price	Highest Since
Copper	16½c. per lb.	Apr., 1930
Corn	\$1.12 per bu.	"
Cotton	14.18c. per lb.	June, 1930
Hides	16½c. per lb.	Dec., 1929
Lead	7½c. per lb.	Dec., 1926
Pig Iron	\$21.50 per ton	Jan., 1925
Rubber	23c. per lb.	Aug., 1929
Steel Scrap	\$22.50 per ton	May, 1923
Tin	65c. per lb.	Aug., 1927
Wheat	\$1.38 per bu.	**
Zinc	7½c. per lb.	July, 1926

\* Quotation on Jan. 23—\$1.13—was highest since June, 1925.

\*\* Quotation on Feb. 13—\$1.44—was highest since June, 1928.

compensate for higher costs. But more persons go to work, enlarging the fund of purchasing power. And on and up it goes. Advancing prices always tend to fill out business to its maximum capacity. And the lag in consumers' prices—usually from three to six months after raw material costs go up—makes no immediate dent in general purchasing power. All this is called, extravagantly, a "beneficent spiral of price inflation."

But the movement can go too fast and too far. Therein lies the danger. Moreover, the presence of a strong labor group (complicated and emphasized by an internal conflict between John L. Lewis and William Green, both of whom are apt to accentuate their demands in order to build up their own strength and prestige), tends to increase the torsion of the spiral.

Government officials, who for so long have been talking about "controlling

the boom," have been watching the series of price and wage increases with some misgiving. True, higher wages and shorter hours fit snugly into the Presidential philosophy. But the head-on speed with which Lewis has brought them about in motors and in steel is not at all to the liking of those who desire a gradual improvement in business and ultimate stabilization when everyone is employed.

The fear is that prices may collapse, when and if the productive machine gets in full gear. As conditions are now, hides and copper and other commodities are in a sellers' market. There are more buyers than sellers. Hides are a by-product of cattle; so that the possibility for a sudden drop is hardly immediate. But if the copper-producing machine of the world should whirl into high, price depreciation could easily ensue, accompanied by inventory losses, stock market recessions, and a temporary loss of confidence. At the same time, this very possibility acts as a psychological corrective. Speculators will be less likely to run up prices—they will be restrained by the invisible supplies yet to come.

## Government Policy's Role

Government policy will play a part. By balancing the budget and by retiring some of its outstanding debt, the Treasury automatically could deflate the credit structure of the country. That—as far as government control goes—is the immediate and most probable implement. Provided the spenders control themselves.

In the meantime, the sellers' market can be put down as "one of those things." Rising prices always attend business improvement; in fact, rising prices are the handmaiden of a recovery. But it is well for the business man to stop, look, and listen. Wages and prices can and have been known to rise too fast.

**THUMBS DOWN**—Militant consumer groups frequently play a lone hand in testifying on legislative matters, but when Dr. Caroline Whitney, as representative of the Milk Consumers' Protective League, appeared before the committee of the New York legislature which is hearing testimony on the milk control law she had allies of all types and sizes. For various reasons, big and little dairymen, farmers, dealers, and consumers are all opposed to continuation of the price fixing measure, one of the few emergency price laws to survive a Supreme Court test. Today it seems headed for the discard.



AP Wire

## Don't Delay Your Steel Purchases

**Higher wages force higher prices, but demand isn't slowing down. Instead, mills worry about making deliveries. Large export orders are rejected.**

HARDLY had steel makers agreed to raise wages and lower the basic work week to 40 hours before they sent a shiver through consumers with price increases, effective immediately, ranging from \$3 a ton on semi-finished steel to \$8 on galvanized sheets and terne plate. Most flat-rolled products are up \$5 or more.

As a matter of fact, members of the industry won't benefit much from new price schedules until May, because most business now on mill books was taken at old prices and that won't be cleaned up for six weeks or longer. Meanwhile wage boosts begin Mar. 16 and much of the extra pay temporarily will come out of earnings.

### Busy Figuring Costs

The steel people are still busy figuring out how much the new wage program is going to cost them. The amount varies widely according to individual plant set-ups. Companies with highly mechanized mills will feel the pinch less than those with semi-mechanized mills or with mills using hand labor extensively.

The costs of production will increase more in the manufacture of products requiring a great many processing operations (cold-rolled sheets, for example) than in the plainer materials, such as plates and shapes. Then it depends on whether one goes back to the iron ore or starts figuring farther along in the

steel-making cycle. However it is safe to say the increased cost averages \$3.50 to \$5 a ton of finished steel.

On top of that must be piled higher prices for ore, pig iron, scrap (a \$25 market still is expected), and particularly for non-ferrous materials, such as spelter, tin, lead and copper. All of this, added onto labor advances, will shove up production costs around \$6 a ton. Mills claim they will have a smaller profit margin than before in galvanized sheets which command the biggest increase of all, because of the rocketing of spelter prices.

Chances are that mills, instead of expanding their forces, will have their men work more than 40 hours a week and pay them overtime. Skilled men are hard to get; 93% of steel workers are semi-skilled or skilled. Moreover, the men themselves would rather work longer hours and get more money (the industry has been employing men an average of 43-44 hours a week) than reduce their hours and see pay checks stay at current levels with the cost of living rising.

### Housing Shortages

There is still another angle—some companies, if they wanted to increase the number of workers instead of employing their present force overtime, confess their cities haven't housing facilities to accommodate the extra families involved.

Steel mills aren't afraid that the still advances might cut down demand, at least not for the next three or four months. Instead of worrying about orders, they are wondering how they can make deliveries. Several sheet and strip makers are booked solidly through May, and are trying to drum into consumers accustomed to overnight deliveries the fact that they must make purchases weeks ahead or they will find themselves out of luck.

Almost daily steel companies are turning down sizable export orders because they haven't the capacity to fill them (there is a world shortage of steel, partly traceable to the armaments race abroad). They are getting choosy about domestic business, picking out the tonnage wherever possible on which they can make the most money. Hot-rolled annealed sheets is an example. Although this item has gone up \$7 a ton, no mill is anxious to take it because it still is an unprofitable item to handle.

### Under 1929 Prices

While current advances are steep, they don't bring steel back near '29 prices as yet. Under the new scheme, the average hourly wage rate for the steel worker will be 25%-30% higher than in 1929. Yet cold-rolled automobile fender stock, for example, will be selling at the new schedule at \$29 a ton less than in '29. In other words, base prices don't tell the whole story. Extras must be taken into consideration too and many of those which were formerly important factors have been eliminated as the technique of steel making, such as the perfection of the continuous mill process, has steadily improved.



**SAFETY PLUS**—Bethlehem Steel Co., in common with most big industrial plants, supplements worker education with mechanical devices to prevent accidents. Heat masks (right), are used by pipe-welders and others who must face scorching temperatures.



Bethlehem Steel Co.

Automatic vigilance is the job of the electrically operated wristlets and cords attached to the punch-press operator (left); if he inadvertently lets his hand get in the path of the punch, the cord instantly tightens and jerks it back out of danger.

# GOODYEAR WINS SEVEN YEAR WAR!

## AMAZING NEW YKL TRUCK AND BUS TIRE CONQUERS INTERNAL HEAT . . .

### Promises Great Economies on the "Murder Runs"

A war against heat!

A war against the deadliest enemy truck and bus tires have ever faced!

A war waged to curb the costly destruction of tires on the "murder runs"!

For seven years, Goodyear engineers have fought that war.

Today they stand victorious following one of the most spectacular achievements in the entire history of the rubber industry—the perfection of the New Goodyear YKL—built of Rayotwist cord.

Internal heat, in its attack on tires, has two powerful allies—tremendously large loads and the increasingly high speeds at which these loads are carried.

No conventional tires have been able to resist the internal heat created by heavy loads carried at sustained high speeds on the "murder runs". For years a super-tire has been sorely needed.

Goodyear engineers won their seven year war against heat only after they had found a new material for spinning yarn, evolved a new technique for twisting the yarn into tough, strong cords and perfected a new process with which to bind the cords to the rubber compound.

The material is Rayotwist. It is made from a special rayon with a tensile coefficient much higher than that of ordinary commercial rayon. Filaments of Rayotwist, very fine in texture, are spun into cord.

The process used to bind cord and rubber is a secret bath—now patented and owned by Goodyear.



When the Goodyear YKL was completed, southwestern deserts became the scene of the fiercest series of tests to which any tire was ever subjected.

There under a blazing sun, carrying back-breaking loads at terrific speeds, the new YKL tripled, quadrupled, even multiplied by five the mileage of conventional tires.

The seven-year war had been won. The world had its super-tire.

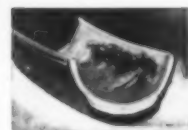
### CAUTION!

Goodyear engineers now recommend the new YKL Tire only for the most destructive types of service—those "murder runs" over long distances at sustained high speeds.

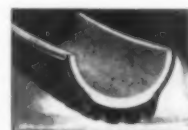
In ordinary trucking, its extraordinary capacities cannot be fully utilized—and, frankly, its higher price cannot be justified.

But for operators of trucks and busses on "murder runs," Goodyear recommends the YKL Tire with full confidence in its ability to set new and spectacular performance records—to effect great savings as compared with the cost of conventional tires.

Such operators are invited to write direct to The Goodyear Tire and Rubber Company, Inc., Akron, Ohio, for full particulars.



A section of the interior of an ordinary cord tire burned out and broken in fast, heavy-duty travel.



A section of a YKL Tire with the same number of miles at the same speed and under the same heavy load.



# GOOD YEAR

TRUCK AND BUS TIRES





## Price Law Upheld

**Highest New York court reverses itself on "fair trade" because of Supreme Court ruling.**

IT was late afternoon of a gray January day in Albany, N. Y., and having heard the case of *Bourjois vs. Dorfman*, involving the Constitutionality of the New York fair trade law, the seven judges of the highest court in the state, the Court of Appeals, were preparing to call it a day.

Chief Judge Frederick E. Crane picked up a bulky gray book from his desk, "Gone With the Wind." He looked at it a moment, opened it to the last page, and mused half-aloud, for the principal benefit of attorneys for Macy's department store, which had intervened in the case. "This is a good book. My granddaughter gave it to me for Christmas . . . bought it at Macy's for 98c." A long pause, then: "if she hadn't been able to get it from Macy's, she probably couldn't have afforded it. But at the same time I guess something's got to be done to stop this sort of thing."

Judge Crane's reluctant informal conclusion was followed this week by the court's decision. Four of his associates agreed with him, one dissented, and one didn't vote. Thus the New York fair trade law—and by inference all

similar state fair trade laws—were established as Constitutional beyond the possibility of further challenge.

Major interest attached to this week's decision, for a year ago last January the New York Court of Appeals, which yields only to the nation's Supreme Court in point of prestige, had unanimously decided in the case of *Double-day, Doran & Co. vs. R. H. Macy & Co.* that the critical section of the state fair trade law which makes contract prices binding even on non-signers was unconstitutional. Later, the courts of New Jersey and Wisconsin followed New York's lead. Then in December (*BW—Dec 12 '36, p13*), the federal Supreme Court declared the California and Illinois statutes Constitutional.

Despite this dictum, the laws in the three states were inoperative because the courts had based their decisions partly on the respective state Constitutions. In New York the case of the *Bourjois* cosmetic company against *Abraham Dorfman*, Brooklyn cut-rate druggist, was hurriedly cooked up to afford opportunity for reconsideration.

Reviewing the course of its action this week, the New York court said: "We thought this to be a clear case of unauthorized restriction upon the disposition of one's own property and unconstitutional in the light of former decisions of the Supreme Court. . . .

That court has now taken a different view . . . We feel it to be our duty to submit our decisions to the ruling of the Supreme Court." Courts of New Jersey and Wisconsin are expected to acknowledge similar feelings at an early date.

The latest decision adds even more impetus to the drive for state fair trade laws (a total of 27 have now been enacted) and for the Tydings-Miller bill in Congress (page 60). As a matter of fact, on the same day as the New York decision, the fluttering hopes of those who oppose the federal measure suffered even more serious punishment when the House Judiciary Committee reported out the bill, disregarding Rep. Celler's proposals that it be converted from a resale price maintenance measure into a law simply eliminating below-cost selling and that, before enactment, the Federal Trade Commission be asked to investigate its probable price-raising features. Opponents of the bill now rest their last tenuous hopes on the resistance to steam-roller tactics which developed at this week's hearings before a Senate subcommittee.

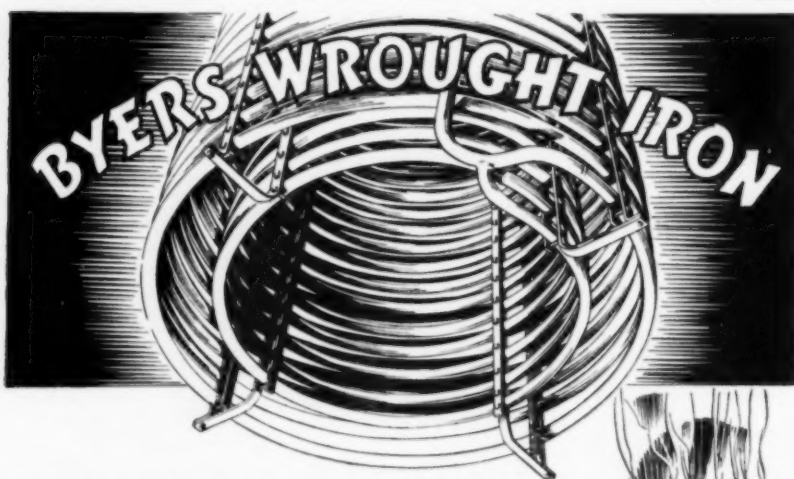
## Big Beauty Business

**Exhibits at convention of beauty shop owners emphasize importance of this market.**

CERTAIN masculine inhibitions continue to block some he-Americans from a rich nine-figure American market. But any business executive who chanced to be at New York's Hotel Pennsylvania this week and allowed his inhibitions to circumvent a good substantial look at the International Beauty Shop Owners Convention and Exhibition, Mar. 7-11, should have his head examined. Though he might have found himself caught in a feminine maelstrom of chemical beauty and near-beauty, he could have rebraced his land legs and renewed masculinity at the exhibits of such eminently he-American firms as Procter & Gamble of floating Ivory fame, and the Koken Co. which undoubtedly built the barber chairs of his youth. Then, too, he might have found relief for incipient baldness at the "Xervac" booth of Powel Crosley, Jr., radio and baseball man.

Beauty shop owners mean business and get the business as evidenced by Bureau of the Census figures, as interpreted by *The American Hairdresser*: 1935—61,176 shops, \$170,753,000 receipts; 1933—42,073 shops, \$116,795,000 receipts.

An idea of the market for equipment and supplies may be gotten by deducting 1935 total payrolls of \$57,736,000 from 1935 receipts. First-hand reports on 1937 beauty shop activity may be had for the asking from the feminine contingent in office, plant, and home.



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## In Clarke-Odlum Fight

**Houghteling, investment banker, is named by Judge Holly to sift Utilities Power charges.**

PLANS of U.S. District Judge William H. Holly to conduct an investigation of charges and counter-charges in Utilities Power & Light Corp. affairs went forward this week when James L. Houghteling, investment banker, undertook the probe. Mr. Houghteling's appointment followed an unsuccessful motion by Harley L. Clarke, former president of the utility, for ousting of the present management and naming of a trustee to conserve assets during 77-b reorganization.

In this, his latest move in the hot legal battle, Clarke accused Floyd B. Odlum and the latter's Atlas Corp., along with New York's Chase National Bank, of dominating the Utilities Power & Light directorate, and with plans "to carry out and complete a program of financial ruin, . . . the consequences of which are a gigantic fraud."

### Directors Are Cited

The directors allegedly "subservient" to the Odlum interests were named as Morris B. Feiwell, Phillips B. Shaw, R. R. Monroe, A. L. Jackson, H. A. Stix, and H. M. Hope. They, said Clarke, are "bound and committed to a policy of liquidation of the company's assets to the advantage of Odlum and his Atlas Corp. and the Chase National Bank."

The former head of the company recalled, step by step, what he contends were the details of Atlas' entrance into the U. P. & L. picture and of Odlum's sale of the utility's British properties (*BW—Aug 8 '36, p 14*). Clarke charged that Odlum bought about \$19,000,000 of the company's 5% and 5½% debentures at less than 50¢ on the dollar, and \$2,844,000 principal and interest of notes of the Utilities Power & Light Securities Co. for \$650,000 (from the Chase bank).

Odlum, he said, made two offers for the British properties, the higher totaling about \$21,500,000, and later obtained power of attorney, went to England and sold the holdings for \$25,000,000 ("several million dollars below the true value thereof"), and collected more than \$1,100,000 for his efforts. Moreover, Clarke alleged, these plans contemplated payment of the \$2,844,000 Utilities Power & Light Securities debt at par and an offer of 80 and 84, respectively, for certain amounts of 5% and 5½% debentures.

### Conspiracy Is Charged

Summing up his allegations, Clarke charged a conspiracy to defraud, particularly "in the stated intention of Odlum to convert the debentures . . . and the



Wolinger

**STILL WRANGLING** — Reorganization proceedings for Utilities Power & Light didn't end the fight between Harley L. Clarke (above), former president, and Floyd B. Odlum (below), Atlas Corp. chief. Clarke has hurled charges of mismanagement at Odlum and "subservient" directors.



Kaiden-Keystone

notes . . . into cash and at prices much in excess of their value."

The court held, however, that serious charges have been made by both sides—allegations that Clarke misappropriated \$3,000,000, on the one hand, and of mismanagement by the present officers and directors on the other. "All I want is information for myself," said Judge Holly, "as to whether there is any basis in fact for these charges."

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### Southern Pacific

## The Flood—Now It Can Be Told

While Ohio Valley rushes reconstruction work at amazing speed, estimates of damage and replacement demand are finally becoming available.

THIS week, like four or five preceding weeks, was one of repair and reconstruction in the Ohio Valley. To the question which supply houses and manufacturers have been asking, "How much damage did the great flood do, and what goods do you need?" answers were available, in considerable detail. State commissions and Washington agencies continued to form flood control plans, with three federal offices (RFC, FHA, and WPA) entering a joint movement to assist badly-situated small communities in finding their way to higher, safer ground.

### Higher Sites Available

One point on which most engineers are agreed is that these small communities on river banks could, in many cases, have picked out higher ground near the waterway but not necessarily right next to it. Under present plans, RFC will lend money to municipal governments as well as to individuals, to cover replacement construction, as well as repairs on original sites. FHA will extend its usual mortgage guarantee to loans made by local institutions, hoping that this will lighten the demand for RFC funds. WPA labor will be made available for extension of water mains, sewers, paving, and other municipal services to newly-developed areas safely removed from the present more or less hazardous sites.

Summing up the situation this week on a statistical basis, *Engineering News-Record* reported that "The total loss will never be known. To direct damage to structures of all kinds and their contents, to streets and road, railroads, utilities, water and sewerage services, must be added the intangibles of wages and business. Also, the cost of rescu-

ing and taking care of thousands upon thousands of refugees must be added."

Louisville, Portsmouth, and Paducah were hardest hit among large cities, and studies of these three indicate what smaller towns have suffered. Rapidly coming back, the valley cities this week continued to report tremendous retail sales of all kinds and more business booked by repair and reconstruction agencies than could be handled. An example of the retail attitude came from the home furnishing dealers in Louisville, who reported that many residents had made a "clean sweep" of water-soaked furniture and were ordering entirely new layouts.

Automobile sales throughout the valley continued at a high rate, the electrical goods dealers were pushed to keep up with the replacement demands, paving materials were being used as fast as they could be obtained. And the one biggest job—home building—was evident on every hand.

### Recovery Is Rapid

Speed with which the stricken cities have changed from desolation to near normal has amazed business reporters who watched the job during the past few weeks. Retailers opened up for business and used packing-case counters while the hammers and saws were busy. Traffic has been moved over damaged roads plentifully supplied with warning signs, while the work of repair goes on. Most of the mills and factories are back to near normal operations, despite the difficulties.

Railroads already present miles of fresh fill and new ballast. New cables have replaced the tangled telephone, telegraph, and signal wires torn loose by the flood and left dangling from

**UP AND OUT—**Floods, a recurrent disaster at Leavenworth, Ind., will no longer threaten the town if it is moved away from the river bank and up on the hill as the Red Cross has recommended after an examination showing 75% of the houses uninhabitable as a result of recent flood havoc. A. B. Krug, Indiana health officer, explains the plan to residents Earl J. Frans and Earl, Jr.





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placement

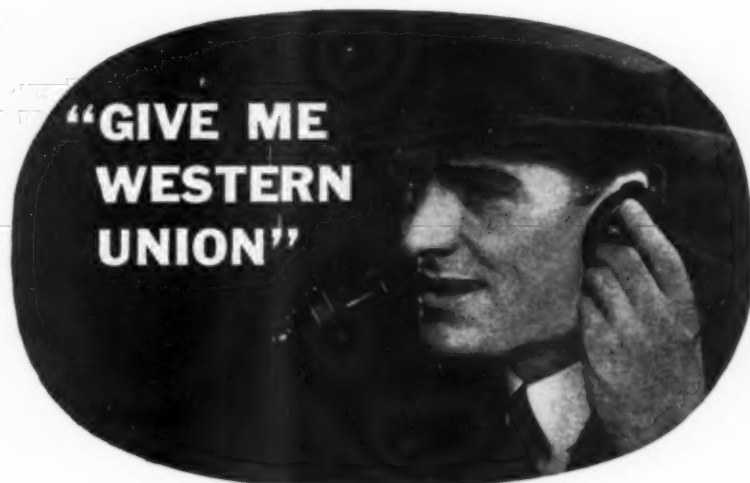
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## Typical Flood Losses

### Paducah, Ky. (pop. 34,500):

Total area, sq. mi.	8.5
Area flooded, sq. mi.	7.5
Persons affected	32,700
Refugees from city	32,000

#### Damage:

Private homes and contents	\$15,000,000
Retail stores	4,000,000
Factories and shops	900,000
Wholesale and jobbers	450,000
Merchandise, incl. foodstuffs	4,100,000
Sewers	200,000
Waterworks	50,000
Bridges	175,000
Streets	1,175,000
Municipal buildings	120,000
Gas and electric utilities	100,000
Phone service	260,000
Schools	550,000
Autos and trucks	45,000

Total \$27,610,000

### Louisville, Ky.\* (pop. 330,000):

Total area, sq. mi.	40.1
Area flooded, sq. mi.	27
Homes affected	64,800
Persons affected	250,000
Damage to streets	\$1,098,546
Damage to other city property, excl. sewers	\$2,426,881

### Portsmouth, Ohio (pop. 45,000):

Flooded area, sq. mi.	12
Refugees	34,248
Homes affected	6,254
Houses destroyed	500
Houses condemned	620

#### Damage:

Houses and garages	\$2,943,600
Household goods	1,000,000
City property	316,200
Utilities	2,030,000
Industries	1,500,000
Merchants	4,292,000
Professional	150,000
Churches	130,000
Autos and trucks	125,000
Fire	2,500
Economic	4,000,000

Total \$16,429,300

\* Complete figures not available.

Engineering News-Record

broken or uprooted poles. Freight yards, although still faced with a big job, are rapidly getting the misplaced cars and goods sorted out.

Greatest single item of loss, as cited by the *News-Record* editors who have been on the ground since the first news of the flood, was that to homes, stores, and their contents. Next came utilities—telephone, telegraph, and power services. Industry of all description, railroads, highways and streets, were severely damaged in many places.

Estimates of damages, city by city, have come from merchants, chambers of commerce, city administrations, and the like. At Paducah, where the total assessed value of all real and personal property was \$18,089,155 for 1936, the city manager placed the flood loss at \$27,610,000 (see accompanying table). Best estimate of damage at Portsmouth seemed to be that by the city engineer, Charles S. Stevenson, who set the total at \$16,429,300. Complete

# Losses

4,500):

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7.5  
32,700  
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figures of Louisville losses are not yet available, but its total bill will be the biggest of all. A bigger city, it did not suffer as heavily, relatively, as many smaller communities, but estimates of damage run as high as \$100,000,000.

The tremendous demand for new building may be realized by a glance at Portsmouth, where 500 homes were completely destroyed, and nearly 6,000 damaged; 500 garages and small buildings wrecked, 5,000 more damaged. The flood hit 62% of all the city's homes; 91% of the business places. That gives an idea.

Added to the story of the big cities are the accounts of dozens of smaller towns, ranging all the way down to small villages 100% washed out. The job, as the Ohio Valley reports it, will last for months and months.

## Probing Rail Bankers

**Sen. Wheeler's Van Sweringen report shows why more money is needed for investigation.**

WASHINGTON (*Business Week Bureau*)—As a bid for \$150,000 to continue excavation of the dark, underground structure of railroad financing control, Sen. Wheeler issued this week a preliminary report that, after two years of digging, recounts the rise and fall of the deceased Van Sweringen brothers' railroad empire that, with George A. Ball as its head, survives today in the Mid-America Corp.

If the Senate consents to finance Wheeler's further excursions into the labyrinth of railroad control, the investigation will take the rest of this year and more. From the Van Sweringen roads, identified with J. P. Morgan & Co., the investigation, in the clever hands of Max Lowenthal, the Senate committee's expert, will move into the rival financial interests of Kuhn, Loeb & Co., dominating the Pennsylvania system. Other roads eventually will be drawn into the picture to reveal the lesser parts played by Speyer & Co., J. & W. Seligman & Co., Hayden, Stone & Co., and Dillon, Read & Co.

Wheeler's claim is that the Senate investigation has exposed practices that stock exchange officials concede to be mischievous. The committee's staff has made no attempt yet to weed out the good from the bad. The mass of material available for scrutiny is a real handicap in presenting a comprehensive composite picture, sufficiently detailed to satisfy careful study but sufficiently broad to give Congress a real perspective when it comes to framing legislation that eventually is expected to place greater power in the hands of the Interstate Commerce Commission to regulate the affairs of financial interests which control the railroads.

# MODERNIZE WITH ROYAL

**FOLLOW THE LEAD OF BUSINESS LEADERS!**

Business is modernizing! The growing demand for the Easy-Writing Royal is proof of that! Executives have found that it pays to modernize with Royal, pays in better typing at lower cost!

**WHAT A DIFFERENCE ROYALS MAKE!** Crisp, letter-perfect typing! You'll notice it the first time you sign your mail!

Next, you'll realize that your work, every executive's work, is being done faster and at lower cost. Here is performance that only Easy-Writing Royals can give.

Shift Freedom, Touch Control\*, Finger Comfort Keys, and many other improvements are exclusive with Royal. They were developed by Royal, for the sole use of Royal owners.

Invite a demonstration . . . Compare the Work!

Royal Typewriter Company, Inc., 2 Park Avenue, New York

World's largest company devoted exclusively to manufacture of typewriters. Makers also of the Royal Portable for student and home use. Factory: Hartford, Conn.

\*Trade-mark for key-tension device.

## WORLD'S NO. 1



## TYPEWRITER

● WHERE TO BUY IT! . . . Consult your Classified Telephone Directory for address and telephone number of either a Royal Branch Office—or (if you wish a Royal Portable) an authorized Royal dealer.



# Strikes Jarred Fast Auto Revival

**January and February sales were 27% higher than last year, despite G.M. tieup, and with that out of the way a 5,000,000-car year was expected.**

DETROIT (*Business Week Bureau*)—The new strikes in the automobile industry this week came at a time when automobile makers were rarin' to go to new sales and production records. Boatloads of new automobiles already were moving down the lakes to Cleveland and Buffalo, and highways out of Detroit were clogged with truckaways destined for dealers. The Grand Trunk Railroad had men out scouring the country for engineers to man the extra locomotives needed to handle automotive freight in southern Michigan.

Detroit's record of employment was

only a fraction short of the 1929 spring peak.

January and February sales of passenger cars, thanks to an open winter and to increased incomes of consumers, soared 27% above those in the same months a year ago, despite the six-weeks' tie-up of General Motors. That was the tip-off that a splurge of retail buying is in prospect. Last year February deliveries bogged badly because of the zero spell; this year a 21% drop occurred because G.M. dealers were short of cars. In the late days of the strike G.M. sales took it on the nose. Many dealers still had cars in stock,

but the hitch was that they were the slow-moving models. Meanwhile other companies made hay. Ford sold more cars in February than in January. So did Studebaker.

There will be no G.M. spring shows this year. They were to start in February, but were cancelled at the beginning of the strike. Anyway, the corporation will have its hands full for several months catching up with orders. However, sales executives of numerous companies are on the road carrying to their field staffs spring promotional tonic which they in turn are to pass along to dealers. A few new models are being added as a sales stimulus; typical of the newer trend is Plymouth's convertible coupé which was announced the past week.

## Full Speed Ahead

Zippering back into full production with astounding speed, with a special bow to Fisher Body for its ability to furnish bodies in high volume, General Motors is rushing to regain lost ground. Chevrolet is building over 6,000 cars a day, Pontiac touched a new high since '29 of 1,400 cars daily.

Until the Chrysler and Hudson strikes, it was expected that March assemblies for the industry would be 550,000 units, a mark not attained since June, 1929, and that first-half production would be 2,860,000 units, or about 10% more than in the same half of 1936. That pointed to the five million car year which the industry had set its heart on.

Retail car prices aren't likely to advance during the current model year,



### INTERRUPTED —

Three Plymouths a minute were rolling out of the world's largest assembly plant (above) when a strike halted production in the stop-start-stop industrial drama at Detroit. Meanwhile,

Chevrolet (below), working at full blast again, moves cars off the assembly line and into the conditioning room where they are broken in.



**STARTING 'EM ROLLING**—This year at the River Rouge plant (above), Fords are being loaded on freighters several weeks before they usually are, thanks to the early break-up of ice and the resumption of navigation on the Great Lakes.

# Burroughs

**4**  
**PAYROLL**  
**RECORDS**

*in*

**1**  
**WRITING**

## COMPLETE SOCIAL SECURITY RECORDS AT A LOW COST

To meet today's payroll accounting needs with a minimum of work and at low cost, Burroughs provides new machines, new features, new developments for writing the records described at the right. Concerns—large and small—in all lines of business—are benefiting by the speed, ease and economy with which one or several of these new Burroughs machines completely handle all payroll records. Investigate. For quick action, telephone your local Burroughs office or, if more convenient, mail the coupon or wire direct today.

**1**

### THE PAYROLL

Complete payroll and check register in one unit shows the gross pay, all deductions, and net pay for all employees. Separate totals for all columns accumulate automatically.

**2**

### EARNINGS RECORD

Complete individual progressive record for each employee shows time worked, gross earnings, deductions, and net pay for any and all periods. Provides information needed for old age benefits, unemployment insurance, and income tax reports.

**3**

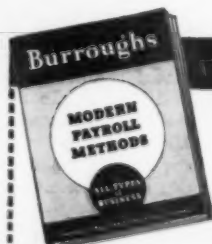
### EMPLOYEE'S STATEMENT

This receipt for deductions, which the law requires be given to each employee at each pay period, also shows the individual's gross earnings, all deductions, and net pay. It can be retained permanently by the employee.

**4**

### PAY CHECK or pay envelope

Since the check or pay envelope is written with the above three records, the amount is in perfect accord with these records.



## SEND FOR THIS NEW PAYROLL FOLDER!

BURROUGHS ADDING MACHINE COMPANY, 6023 SECOND BLVD., DETROIT, MICH.  
Send me the new folder "Modern Payroll Methods"—which includes illustrations of forms for compiling figures required by the Federal Social Security Act.

Name \_\_\_\_\_ Type of Business \_\_\_\_\_  
Address \_\_\_\_\_

## DIESEL NEWS

*This column, appearing once a month, is devoted to reporting results obtained with "Caterpillar" Diesel Engines on various power jobs.*

### ★ ICE MANUFACTURE IN ARKANSAS.

8½ tons of ice per 24 hours—at a power cost of about 40 cents per ton—that's the record a "Caterpillar" Diesel Engine has set up for its Bald Knob, Arkansas, owner. The Diesel drives two belts—one to an ammonia compressor, and the other to shafting for pumps and a small generator.

### ★ POWER FOR CEMENT PLANT. A

Sigurd, Utah, cement company installed a "Caterpillar" Diesel Engine to operate a Westinghouse 115V generator and mill shafting. Full-load operation cost is 55 cents an hour, producing over 3 tons per hour of Keene cement, hard wall plaster and gypsum.

### ★ COTTON GINNING IN MISSISSIPPI.

At Tutwiler, Miss., a "Caterpillar" Diesel operates a 4-stand, 80-saw gin. Output is about 3 bales every hour—at an operating cost (fuel and lubrication) of less than 13 cents per bale.

### ★ SAWING BARREL STAVES IN KENTUCKY.

26 cents an hour is the total operating cost of a "Caterpillar" Diesel that runs a barrel stave sawmill at Leatherwood Creek, Ky. Flat belts from a 13-foot shaft drive an equalizing saw, a drum saw, and 2 edgers. Output is 7000 staves per 8-hour day. No repairs have been necessary on the Diesel in 700 hours of heavy-duty operation.

*Find out the possibilities of these engines for your power needs. Get in touch with a "Caterpillar" dealer—or write direct to the address below.*

**CATERPILLAR TRACTOR CO.**  
Reg. U. S. Pat. Off.  
**PEORIA, ILLINOIS**



WORLD'S LARGEST MANUFACTURER OF DIESEL ENGINES, TRACK-TYPE TRACTORS AND ROAD MACHINERY

though labor and materials costs have shot up. Steel bought at the new prices won't be going into cars until at least June, and then only a small fraction of the production season will remain. Some makers figured in higher labor rates in pricing '37 models. Anyway, the industry couldn't raise prices unless Ford went along too. He didn't choose to do that in the spring of 1934, and manufacturers who jacked up prices at that time hastily restored the old ones.

### No Sweeping Changes in '38

Detroit still leans to the opinion that no sweeping changes will be made in '38 cars. One reason is that there is no point in risking a radical innovation so long as the public continues to clamor for cars. Another is that considerable money was spent on '37 changes, and managements feel they should have a year's respite. There will be enough sheet metal alterations to make owners of 1937 cars realize they have an old model, but engines will stay "as is" with minor refinements. Greatest interest-provoking feature will be adoption by at least two companies of a wholly automatic transmission. The industry is convinced it is only a matter of time until the gearshift lever on all cars is eliminated. The rear-engine car about which there has been much talk from time to time is still tagged for the indefinite future.

The trend is toward use of larger steel sheets. Steel top of the current Lincoln-Zephyr coupé is made from a sheet 90 inches wide and rolled by only one mill in the country. Shortly there will be three mills—Great Lakes, Republic, and Jones & Laughlin—able to furnish such wide sheets which probably will be specified more freely next year for tops and quarter panels. This means more welding than ever before will be used.

### Use of Plastics Grows

Competition between materials will be terrific. Die-cast grilles lost ground to stamped grilles this year, but may recover next year. Plastics have gained a firm foothold, being used for knobs, window trim, dome lights, steering

wheels, and instrument panels (in some cases, such as steering wheels, having a steel core). Plastics are molded with a high glossy finish requiring little if any buffing; they lend themselves to an unlimited choice of colors. Ford is making a greater number of parts than ever out of cast alloy steel produced in its own foundry at Rouge. Some companies are playing with the idea of a cast crankshaft such as Ford's but are sticking to the forged product for the time being.

Though changes next year will be few, equipment builders predict an avalanche of machinery buying the next 60 days. Most purchases will be to increase capacity and to combine in a multiple-operation machine the work now being done by two or more machines, thus cutting costs. If car makers are to get deliveries in time for the start of next year's production, they will have to place their orders in a hurry.

Equipment builders are loaded with business; they are quoting four to eight months on deliveries. Detroit tool and die shops look for '38 orders around Apr. 1, and are fearful that they may lose some volume because their labor costs continue higher than in other cities.

### More Luxury Cars

Comeback of car sales in higher-price brackets is notable. Packard is operating at an all-time high. By Apr. 1 Lincoln-Zephyr will have built more cars than in the entire '36 season. Cadillac-LaSalle already has surpassed its record for all of 1936, and is openly boasting it will make the industry's outstanding gain this year. Chrysler's Custom Imperial likewise has been selling in unprecedented volume this winter.

Explanation of this upsurge is that (a) people who formerly bought luxury cars are returning to that price class, (b) a new group of buyers with money has come out of the depression, and (c) there has been a sharp reduction in prices of the better cars. Price reductions have been possible because of improved designs, better materials, and the development of manufacturing economies.



European

**AUTO ANATOMY**—Glass body and partitions disclose at a glance the engineering of the Opel exhibit model shown for the first time at the Kaiserdam. Chancellor Hitler and his party are among the interested spectators.



## Nazi Auto Dream

Hitler's \$400 car is still far from realization. And gasoline cost is high in the Reich.

BERLIN (Special Correspondence)—The Berlin Automobile Show, which opened Feb. 20, revealed the additional progress of the automobile industry, but Hitler's dream of a low-priced "Volkswagen" or "people's car" is still far from realization.

The production of automobiles rose from 51,000 in 1932 to 293,000 in 1936. The number of passenger cars operated in Germany was almost doubled during this period—it rose from 561,000 in 1932 to 961,000 in 1936. While in 1932 there was in Germany one automobile to 100 inhabitants, the ratio was one to 54 in 1936. Germany has thus reached the "world average" of motorization (one to 59). The number of employees directly engaged in the automobile industry increased from 34,000 in 1932 to 120,000 in 1936. Indirectly, production of automobiles now provides employment for about 250,000 people.

### More Cars—More Roads

This motorization drive is supported by another pet scheme of Hitler—the construction of super-auto-highways. The Reich's expenditure on this project has so far been 1.5 billion marks.

While Hitler and his advisers have every reason to be proud of these results, they were not able to make any definite announcement at this year's Motor Show regarding the future mass-production of the "Volkswagen." According to Hitler's ideas this should be a car sold at no more than 1,000 marks (\$400). The cheapest German car so far is the "P4" model of the Opel Works, owned by General Motors. The reduction of its price by the Opel Co. from 1,650 to 1,450 marks (\$660 to \$580) was last fall's great sensation in the German automobile world.

For three years the best German designers have unsuccessfully tried to construct a car that would sell at 1,000 marks. It is announced, however, that an experimental model has now been developed by Herr Porsche, the designer of the successful racing cars of the Daimler-Benz Co. Three models of this car have completed tests over a distance of 30,000 miles. A further experimental series of 30 cars will be built in 1937. But obviously, mass production can not begin before 1938.

Even a car retailed at 1,000 marks will not have a revolutionizing effect on the German automobile market and will not open up new strata of buyers as long as operating and maintenance costs remain at their present high level (the retail price of gasoline is three times higher than in the United States).

## Kimpak CREPE WADDING

REG. U. S. PAT. OFF. & IN FOREIGN COUNTRIES

# PROTECTS AMERICA'S "BEST SELLERS"

## AGAINST SHIPPING DAMAGE

● It's important that your goods reach the retail show room in perfect condition. That's how you can win the preferred position on the sales floor that will help increase sales. Why not do as thousands of other manufacturers, and pack with KIMPAK to make sure your product arrives unmarred and factory-fresh.

There is an economical size and thickness of KIMPAK for packing every type of merchandise. Modern KIMPAK is clean, snowy-white, light, absorbent, flexible, and as easy to use as a piece of string. To learn how KIMPAK can solve your shipping problems, just write us for free portfolio of samples. Please address nearest office on your Company letterhead.



**A "BEST SELLER" MUST  
BE GOOD AND LOOK GOOD**

This Nashua Package Sealing Machine gets complete protection from jolts and chases during shipment. This company has chosen KIMPAK Crepe Wadding, so that their sealer is ready for demonstration immediately on arrival.

**KIMBERLY-CLARK CORPORATION, Neenah, Wisconsin**

Sales Offices: 8 S. Michigan Ave., Chicago 122 E. 47th St., New York City 510 W. 6th St., Los Angeles

# QUALITY

*built their*

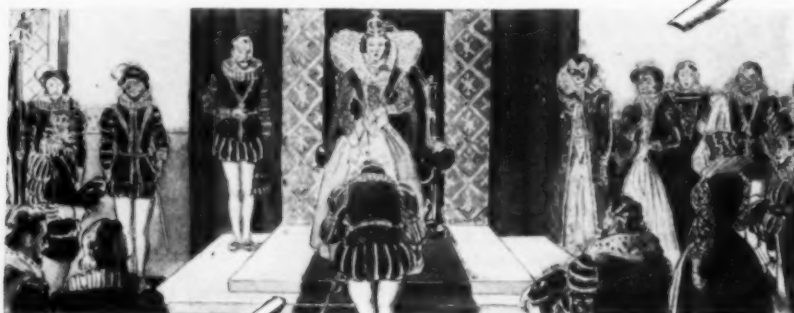
# REPUTATION



HOWELL ELECTRIC  
MOTORS COMPANY  
*Howell, Michigan*  
REPRESENTATIVES IN  
ALL PRINCIPAL CITIES

HOWELL *Red Band* MOTORS

## Products of Specialists Have Always Been Preferred

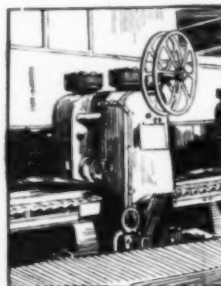


### Good Queen Bess Sent for Needles

• The needle, before the development of the flying shuttle and the spinning jenny, was an important commercial tool. Some of the craftsmen of Nuremberg specialized in the making of needles. They had a thorough understanding of the methods and materials necessary to create a product of superior quality for the requirements which had to be met. Queen Elizabeth sent to Nuremberg for needles which would enable her own craftsmen to improve their products and workmanship.

Acme specializes in the production of superior strip steel and is helping manufacturers improve their products and workmanship. Acme "rolled-for-the-product" Superstrip is produced by craftsmen whose thorough understanding of the fabricator's individual needs enables them to roll a SUPERSTRIP which will best meet each forming, shaping or drawing requirement—and which will provide faster, better production without interruption. Yet ACME SUPERSTRIP COSTS NO MORE THAN ORDINARY STRIP STEELS.

Let an Acme Engineer analyze your product in relation to your equipment. He may be able to make profitable suggestions. There is no obligation. Write for complete information today.



# Acme Superstrip

HOT ROLLED • COLD ROLLED



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GENERAL OFFICES: 2828 ARCHER AVENUE, CHICAGO, ILLINOIS

Branches and Sales Offices in Principal Cities

## New Products—

New processes and new designs; new applications of old materials and ideas.

A NEW process of heat treatment by direct transformation to be known as "Austempering" will come shortly from the laboratories of United States Steel Corp., 71 Broadway, New York. Plain carbon steel shovels, for instance, austempered to a hardness of Rockwell C 55 (Brinell 555) will suffer bending as shown and still spring back to original shape unharmed. Secret is a



Business Week

combination of precise heating and timed quenching under predetermined schedules to intermediate temperatures in contrast to orthodox quenching at ordinary room temperatures.

ADD another use for "dry ice," solidified carbon dioxide. Steamship companies in San Francisco are mixing dry ice with ethylene-oxide and circulating the resultant gases through the holds of even fully loaded ships with complete mortality to all forms of inboard wild life including vermin and rats, but with no harm to cargo or to man unless he sticks around too long.

THAT certain lithographers were ready to make 12 x 18-in. four-color reproductions directly from 1 x 1½-in. Kodachrome color shots was news a short while back (*BW*—Jan'37, p.32). Now comes news that Pioneer-Moss, Inc., 460 West 34th St., New York, is ready to make four-color process plates similarly for high fidelity letter press printing.

EXECUTIVES who cannot or will not drag themselves away from their offices at mealtime will be glad to make room in their sancta for a combination office table and electric stove now being introduced by Brunchboard Table Co., 817 Powell St., San Francisco. The 25 x 18-in. top slides out to uncover two heating units on which food can be cooked or warmed.

ONE of those almost obvious little things which sometimes mean so much is to be found in the design of the "Compensating Welding Rod" now being introduced by Electric Arc Cutting

& Welding Co., Newark, N. J. Whether bare, fluxed, or dipped, the rod is tapered slightly, having a cross-section like a Maltese cross rather than the customary circular section. The maker states that this design permits fast starting, higher current densities, higher welding speeds. Somehow the shape of the rod enables it to compensate for current resistance in that part of the rod waiting to be deposited.

THE light-producing medium in the new "Superflash" photoflash lamps for night photography resembles a fine wire fluff, instead of aluminum foil, but in reality is a carefully controlled "hydrolanium" wire of precise diameter and length. Wabash Photolamp Corp., 335 Carroll St., Brooklyn, says the new lamp will produce 50% more total illumination than present competitors and will maintain the brightest part of the flash three times as long. If air seeps into the lamp, a blue "Safety Spot" turns pink, warning the shot-maker against its use.

NEW 449-lb. pneumatic tires, known as "earth movers," find themselves in the production schedule of B. F. Goodrich Co., Akron. Mounted on 13-in. rims, these veritable Titans of Tiredom will each carry a maximum of 15,740 lb. per casing. The tubes alone weigh 53 lb. and the flaps 12 lb.

Two patented features high-spot the new Utica air conditioners which Utica Radiator Corp., Utica, N. Y., and Hydro-Air Corp., 101 Park Ave., New York, will show for the first time at the Philadelphia Oil Burner Show, next week: first, the "Turbinator" which throws two sprays—a heavy rain spray



Business Week

through which air is drawn and completely washed, and a slow moving mist spray which provides complete humidification treatment; and second, the "Aqualute," a tapering spiral passage where the washed air is slowed in velocity and relieved of entrained moisture and free water. Conditioners will be available in four standard sizes for homes, office buildings, theaters, and manufacturing plants.



## WITH THE SPEED OF LIGHT

BECAUSE Elias Howe could not tell enough people, quickly, about the benefits of his invention, the women of a whole generation were deprived of the sewing machine, and wearily continued their toil with thread and needle.

Today, with the speed of light, the story of new methods and new products is carried to a million homes. The time between invention and utilization is shortened amazingly.

Sometimes we say it with music—as in THE HOUR OF CHARM, which presents, at four o'clock every Monday afternoon, the unusual entertainment of Phil Spitalny's ALL-GIRL SINGING ORCHESTRA. We also tell how electric servants for the home can bring benefits not attainable in any other way.

Increased demand and new and better designs and manufacturing methods have both lowered costs and improved quality. More and better products, selling at lower prices, have been placed within the reach of more people. This means less drudgery in an increasing number of homes—more freedom, a richer chance for life.

*G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric*

**GENERAL  ELECTRIC**



## Rubber's Etcetera Output Grows

**Mechanical goods are being produced at more than twice the 1929 volume, and may ultimately surpass tire production. Companies open new factories.**

THE etcetera end of the rubber business, mechanical goods, is going to town. A scramble for plant capacity to meet the increased demand is on.

Last week General Tire expanded into the mechanical goods field with a new plant at Wabash, Ind. A new Goodrich mechanical goods plant will open soon at Jackson, Mich.

The mechanical goods divisions of the larger rubber manufacturers are operating at capacity, turning out more than twice the volume handled in 1929.

New uses for rubber and increased use of rubber products in the older manufacturing fields are the answer.

Time was when the mechanical goods division of large rubber companies con-

sisted of the hose, belting and heel departments. Today the business of manufacturing machinery and motor mountings is giving hose and belting a run for continued supremacy.

A decade ago tires and tubes, fanbelts, and radiator hose were the principal rubber items that went into an automobile. Today, in one popular priced car, 117 rubber items are used, principally for cushioning. Last year this car carried 153.02 lb. of rubber. This year's model carries 158.24 lb.

But while the gains in rubber use in the automotive business are important, the surface of fields with even larger potentialities is being scratched. Rubber manufacturers believe they see the time coming when mechanical goods will again, as in the pre-auto days, be the principal division of their plants, jumping ahead of tires. Mechanical goods now accounts for about 20% of the crude rubber they use, as against 10% in 1929.

### One-Man Rubber Shops

Whether the larger units of the industry will continue to get the greater share of the new mechanical goods business is still a question. Many rubber gadgets can and are being made in one-man rubber shops in back yards all over the country.

The one-man shop can't hope to get into the belting and hose field or into the manufacture of articles requiring heavy machinery, but it can make small moulded goods. An important percentage of rubber sundries is now made in these shops.

Most of the new uses for rubber that have sent the mechanical goods business into the boom stage were emerging from the laboratories about the time the depression clamped down on operations. Some of them, developed during the depression period, are now emerging in volume production.

### Depression Didn't Stop Them

But even with curtailed operations in the fields where the rubber industry finds its markets, the larger rubber manufacturers found their mechanical goods divisions an important depression backlog. While tires, through price wars and low volume, ran them into the red, the gadget lines showed profits throughout the hard times.

An example of the growth of mechanical goods during the depression is the U.S. Rubber's Lastex. The two-way stretch reached volume production in the hardest times.

And at the other end of the scale is the Goodrich pickling tank business. Rubber-lined steel pickling tanks made possible the continuous strip mills of the steel industry. A process of bonding rubber to steel to make an acid-tight tank replaced the brick and wood pickling tanks.

**YOU DON'T HAVE TO**

*Keep a Cow!*



*Welcome the Man*  
...who wears THIS PIN



He represents one of the leading industrial distributors whose ability to render complete "cooperative service" has been verified. He offers these combined facilities for saving you work, worry, money:

1. Expert buying service that "narrows-down" your work of selecting supplies.
2. Superior warehousing facilities that enable you to limit plant stocks, and reduce stock-carrying charges.
3. To-your-door delivery that cuts down shipping and trucking expense.
4. One-source supply which enables you to obtain many items with a single order.
5. An information service that gives you latest unbiased product-and-price data without bother or delay.

**TO HAVE** a quart of fresh milk each day you don't have to keep a cow! You are able to get it without such trouble and expense because a local milk company provides a "cooperative service" . . . assumes the problems and costs of getting milk and delivering it to you and hundreds of other consumers like you.

In a similar way a recognized industrial distributor, identified with the National Industrial Distributors' Foundation, provides a "cooperative service" in your locality that enables you to avoid work and expense in getting the bulk of your industrial supplies and equipment. He maintains complete and specialized facilities which relieve you of time-consuming, costly tasks in stocking to meet plant requirements.

By sharing the valuable facilities of this "cooperative service" with other plants in your neighborhood, you can obtain *what you want, when you want it*, and at a cost that reflects the economies of sharing ex-

penses. It will pay you well to call in the man who wears the N.I.D.F. emblem and plan ways to make full use of his money-saving facilities.

### NATIONAL INDUSTRIAL DISTRIBUTORS' FOUNDATION

of the Industrial Supply Research Bureau, 7th and Bainbridge Streets, Richmond Va.; an activity of the National Supply & Machinery Distributors Assn.; Southern Supply & Machinery Distributors Assn.; and American Supply & Machinery Manufacturers Assn.

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The same rubber to steel bonding process projected rubber into a number of fields. Rubber-lined gravel chutes were found to outlast steel 10 times. Rubber-lined tank cars and pipes came along. An acid-resisting rubber paint for fume stacks was developed about the same time.

Meanwhile, out of the laboratories came new methods of pigmenting rubber, giving the rubber flooring business a boost, with many new colors added.

Increased use of latex, the unsmoked sap of the hevea from which crude rubber comes, opened new mechanical goods markets. Hair impregnated with latex was developed for seat cushions and mattresses.

About this time Duprene, the duPont synthetic rubber, was coming into use for special purposes. Goodrich developed another synthetic product with properties somewhat similar to rubber and threatened for a time to go into the plastic field. Goodrich Koroseal, now referred to by engineers as a synthetic elastic, is now in use principally for gaskets and machine parts working in oil, grease, or acids where rubber compounds would deteriorate rapidly. Working on different lines, Goodyear developed a cellophane-like rubber product for packaging use.

## Cotton Up, Coffee Down

WHILE Brazil rouses the ire of our cottonophiles by increasing her production of cotton, statisticians are chiding Brazil for losses in coffee exports. Nortz & Co., New York, point out that as Brazil continues to destroy beans and trees, other nations are expanding coffee production. Brazil's share of world's coffee markets has fallen from 75.85% during the 1900-1910 period to an estimated 55% for 1936-1937. Africa is coming along fast. Last year French colonies produced 382,500 bags; the Belgian Congo promises annual production of 500,000. Rome recently exulted in sales of its first coffee from Ethiopia. Impact of the African product is on the cheaper Brazilian grades. The report concludes that Brazil must still destroy 4,500,000 bags to bring her stocks this year on the required parity with the July 1, 1936, figure.

## EXIT ROUGH RIDING—

The old wooden wagon road laid on the desert between El Centro, Calif. and Yuma, Ariz., is now paralleled by a modern concrete highway (above). Haze of sand storms and shifting sand made traveling a hectic, if not uncertain, business. A section of the one-lane plank road (turnouts permitted two vehicles to pass) will be preserved by Henry Ford in his Dearborn museum.



Underwood & Underwood

## Hollywood Still Waves

**Gaumont-British troubles mark temporary defeat for English films, but government shows no signs of weakening in its "made in Britain" program.**

JOHN BULL's romantic adventure with the film industry reminds one of a regulation situation in bedroom farce. Having taken on a petulant hussy and shingled her with jewelry, the rich old gentleman reaches a point where he is appalled at the cost of continued upkeep but is kept from a definite break by his infatuation. In this case sentiment is backed by interest. For British-made films are meant to sell British-made goods and British institutions.

After wobbling for months, British film industries come a nasty cropper. Hollywood has (temporarily at least) done in Shepherd's Bush. Early this year a British trade journal recorded dolorously that Albion's attack on American films had lost \$10,000,000 of the \$15,000,000 advanced during the 1936 campaign. There was a faint off-stage thump on Jan. 15 when receivers were appointed for Julius Hagen's studios, scene of important productions. There was a heavy boom right in front of the curtain on Feb. 24 when Gaumont-British Corp., largest in the empire, announced closing of its Shepherd's Bush studios and drastic reorganization.

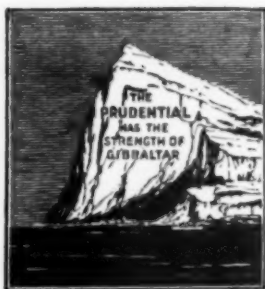
Gaumont-British was the galloping hero who was to lead the assault against

Hollywood. Completely integrated, it produces films, distributes them, and shows them in its theaters. Troubles came faster than financial advances under Board of Trade encouragement. The Ostrer boys (Isidore and Maurice) were scotched by popular sentiment last year when they tried to sell voting control of Metropolis & Bradford Trust (owner of G-B) to Hollywood's 20th Century-Fox and Loew's. These concerns have a 49% interest in Metropolis & Bradford (BW—Jul 25 '36, p. 24).

## Better Business, Poorer Pictures

"Squandermania" is London's excuse for G-B troubles. Bankers are expected to dictate reorganization terms. Hollywood, fresh from its own financial trials, opines that closer banker control is a guarantee of poorer pictures. Stoppage of dramatic productions at Shepherd's Bush will throw about 600 technicians out of work. Curtailed schedules will continue at G-B's de luxe Gainsborough Studios and at General Film's Pinewood plant.

G-B withdraws from theater distribution, handing that function over to General Film headed by C. M. Woolf, former associate of the Ostrers in G-B. Fluttering about the skirts of the di-



## Low-premium life insurance protection.

Specializing in this field, we shall be  
glad to show you a plan, built to your  
own requirements.

### THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

EDWARD D. DUFFIELD, PRESIDENT

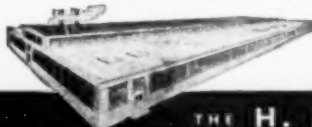
HOME OFFICE, NEWARK, N. J.

## If You Are Cost-Minded...



### ...You can't overlook WILCO INLAY and OVERLAY Contact Materials

HERE'S a good opportunity for users of electrical contacts to save money—and at the same time, increase product efficiency. Wilco Inlay and Overlay Materials save money because the amount of precious metals required is reduced to a minimum. They save time because they simplify assembly and require no riveting. And they increase efficiency because they become an integral part of the contact mechanism. Dependable? Absolutely—even battering won't break them apart!



Flexibility of design is practically unlimited—and almost any two metals can be combined.

Learn how Wilco Inlay or Overlay materials can be adapted to your particular use. If you are using one-piece contact materials, write for samples and quotations. You'll find the Wilco engineers anxious to cooperate—to send you samples in the sizes you require—to explain fully its characteristics or to recommend another of the Wilco family of precious metals, if they believe it more suitable. Their advice is helpful—for it's based on 22 years' experience in working with industrial leaders of the world.

THE H. A. WILSON CO.

105 CHESTNUT STREET, NEWARK, N. J. BRANCH OFFICES: CHICAGO, ILL. DETROIT, MICH.  
Refineries and Workshops of Platinum, Gold and Silver. Precious Metals Contacts. Wilco Thermocouples.



lemma is John Maxwell. Suffice it to say that Mr. Maxwell is a G-B director and a Scotsman. He allows none of the smoke from the industry's incense burners to get into his clear blue eyes. G-B's 300 theaters are the most valuable items in the list. He would be greatly pleased to add these theaters to his own houses which number almost 200.

### Where the Money Is

"Hoot!" says Mr. Maxwell. "The money in this business is at the box office end. Why gamble making pictures when producers are fighting to get their films on my screens? Hoot, again!"

Springboard for the British adventure was Charles Laughton's excellent "Henry VIII." It encouraged the British to think they could crash the American market. British films have made some money in the United States, but not enough. British acting and costuming has been tops. But story selection (there is an obsession for historic themes), scene construction, the infinite minutiae of direction, have fallen below the Hollywood standard. Some of it deserves the industry's technical classification of "lousy." One American critic observes:

"I have seen a British mob scene, beautifully costumed and superbly acted, spoiled by a background that was obviously made of paint and canvas. And look how they handled Jessie Matthews. There is a handsome gal, a good dancer with two of the finest gams [legs] in pictures. Yet in a recent film some dizzy costumer put big bows on her shoes. Any Hollywood director who pulled a thing like that would be driven into Death Valley to perish—amid applause!"

### Bull Dog Tenacity

The symbol of the British character is aptly the bulldog. There is no sign of quitting in this instance. Under the Films Act of 1927, theaters in Great Britain were put on a sliding quota requiring 20% of British-made films as of Oct. 1, 1935, and remaining at that percentage until Sept. 30, 1938, when the act expires. Last November the Moyne Committee investigating the film industry made recommendations to the Board of Trade on future legislation. It proposes among other things a British film quota that would reach 50%, and complete government control. Also suggested are methods of forcing better film production which would stop the American company practice of turning out cheap films in Britain to get by quota requirements.

The 50% quota proposal is especially disquieting to American companies. Since foreign business constitutes 30% to 40% of their income, all quotas are opposed on principle.



## Ask Mineral Inquiry

**Brookings Institution requested to investigate governmental policy, tariffs, etc.**

MINERAL economists want Brookings Institution to take up a mineral policy inquiry, which would include government action on mineral resources, mineral production, tariffs, taxation, trade agreements, war-time strategic metals and minerals, and other related public-policy questions.

The Planning Committee for Mineral Policy once tried this job, working under National Resources Committee. But it was fired without notice, apparently because some of the findings displeased some of the powers-that-be in Washington.

Fact finding by the Bureau of Mines and the U.S. Geological Survey proceeds apace, unaffected by changing Administration ideas or technique. Wise executives of these government bureaus stay off of policy-making subjects, for they always blow the lid off and the bureau bosses out of office.

Brookings Institution has not yet announced its willingness to undertake this project. But proponents expect it to start in later this spring. Two or three years would be required for a thorough study.

## New High for Potash

**Trade association widens market; shipments set a new record.**

GENUINE cooperation has been practiced during the last couple of years by importers and domestic producers of potash for fertilizer use.

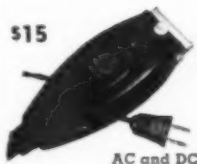
By educating the farmers in territory where soil, crop, and climate give the widest margin of advantage to the users of more potash in fertilizer, the American Potash Institute has increased the market. Mixed fertilizer containing potash has had a proportionately greater sales increase than the business as a whole, or either nitrogen or phosphate.

Since 90% of potash sales go into fertilizer, the result has been much more money for importers (N.V. Potash My.) and the three major domestic miners of potash (American Potash and Chemical Co.; U.S. Potash Co.; and Potash Co. of America). Shipments of these four major concerns exceeded all previous records during the recent winter months. In December, 50,000 tons was shipped. Ordinarily, 30,000 tons is thought excellent.

The new price schedule has stimulated better distribution of sales. The nominal price is higher than two years ago, but by taking advantage of early season discounts (ranging up to 12%) buyers pay no more than formerly.



**"And my beard's plenty tough!"**



Men who are exposed to all kinds of weather, who have tough skins and wiry beards, shave quickly and easily with the Schick. Yet a boy, just starting to

clean the down from his tender cheeks, finds the Schick as gentle in action as if he rubbed his face with his finger tips.

A totally blind man could shave in perfect safety and comfort with not the slightest danger of cutting or hurting himself.

### Pioneer in painless shaving

Not since savages scraped off the hair with shells or quartz has there been a radically different method of shaving until Schick invented the electric shaver.

It does away with all discomfort—with blades, water, soap, cream, lather, brush or the necessity for lotions or powder. It gives you a new skin to replace the hardened tissue Nature has built up if you have used lather and blades.

### Why Schick above all

For a working lifetime Schick studied hair, faces and mechanical ways to shave. He experimented with cutters of many constructions and shapes. He found that a flat

cutter with an extremely thin slotted plate, nestled closely into the skin, depressed the tiny mounds and enabled the inner cutter to shave off the hairs more efficiently and closer than any other shape of cutter shaved them.

All our past and present research convinces us that this patented construction is still the most efficient of all.

### Shaving at its lowest cost

The life of a Schick Shaver is not known. Shavers we made five years ago are still performing satisfactorily. (We have made many mechanical improvements since then.)

There are no blades to buy, no parts to sharpen—and none to renew for an indefinite time. You need no soap, cream, brush nor lotions. The cost of electricity for a year's shaving is so small that a dime would cover it easily.

How, then, could you shave at a lower cost per shave?

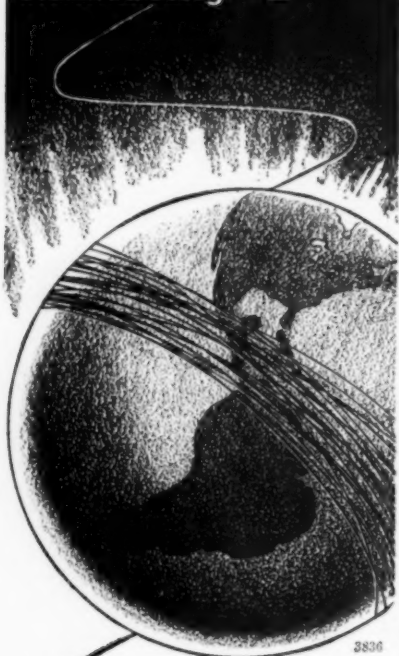
### See a dealer

Ask any Schick dealer to show you the shaver and demonstrate how simply and quickly you could learn the new way of shaving which is revolutionizing the shaving habits of the world. Be sure, too, that he is an authorized dealer through whom we guarantee and service Schick Shavers.

SCHICK DRY SHAVER, INC., STAMFORD, CONN. Western Distributor: Edina, Inc., San Francisco.  
In Canada, Henry Birks & Sons, Ltd., and other leading stores. (Canadian price, \$16.50)

**SCHICK SHAVES**

What are the famous "Million Mile" bearings of American Railroading?



More than a million and a quarter miles of service... fifty times around the earth at the Equator... without adjustment and without showing appreciable wear... is the record of a set of SKF Bearings in the journals of a Pennsylvania Railroad passenger coach! More SKF Bearings are used by the railroads of the world than all other makes of bearings combined.

**SKF**

BALL AND ROLLER BEARINGS

(One of a series of three SKF ads—all in this issue)

## Expect New Income-Tax Record

Treasury officials think Mar. 15 receipts will be biggest in history. Quarterly financing will be small and will not involve any new money.

THE United States Treasury on Monday comes up to what it hopes will be the most prosperous financial date since the late 1920's—the day when income tax collections are expected to top all records. And, forehandedly, Sec. Henry Morgenthau, Jr., this week celebrated the occasion by announcing the smallest quarterly financing, with one minor exception, since 1930.

In fact, the Mar. 15 financing is notable mainly for its smallness. It constitutes an offer to exchange 17-year 2½% bonds for the Apr. 15 maturity of \$502,361,000 of 3% notes. There is no offering for cash—"new money"—the Treasury promising to meet \$300,000,000 of bill maturities in the next few days, as well as \$165,000,000 of interest, out of current tax receipts. There is the strong hint, moreover, that the June 15 financing will be similarly trifling unless Congress upsets the apocryphal with unexpected appropriations.

### Reasons for Optimism

The reasons for Washington's optimism are apparent. Aside from high hopes for this month's income tax collections, the deficit, at \$2,100,000,000, is running about \$350,000,000 below a year ago (thanks to higher tax receipts, as expenditures are something like \$45,000,000 higher than at this time last year).

In addition, the Treasury's cash position is bolstered mildly by Social Security tax collections. The receipts go into the working funds. This has been a factor in keeping the cash-on-hand figure up around \$900,000,000. However, the Social Security intake has been below expectations. Only about \$27,275,000 was collected from Jan. 1 to Mar. 4. However, receipts are increasing rapidly and the expected \$50,000,000 a month may yet be realized.

Social Security, moreover, is influencing Treasury financing in another direction. Sec. Morgenthau figures that the fund will amount to as much as \$30,000,000,000 by 1954. Consequently, he is limiting maturities on the bonds he sells to 17 years. He did it in December, when about \$700,000,000 of 2½% bonds, due in 1933 but optionally callable in 1949, were sold. He did it again this time when he offered a block of the same bond issue for the maturing \$502,361,000 of notes.

The Treasury views its forthcoming refunding problems with equanimity. Only about \$2,900,000,000 of maturities will be encountered in the next 18 months, exclusive of bill issues. This

compares with an average refunding rate in recent years of about \$8,000,000,000 annually.

Incidental requirements in the next few weeks will be taken care of through bill issues, sold at a discount. Maturities of this type take about \$50,000,000 a week, and Sec. Morgenthau proposes to raise about \$200,000,000 to \$300,000,000 of new money through additional issues. The practice is to offer \$50,000,000 of 105-day and \$50,000,000 of 273-day bills every Monday. Part of the proceeds of forthcoming bill issues, incidentally, will take care of gold sterilization, Morgenthau states.

### Was Generous Offer

The immediate reaction of bond houses and banks was that the Treasury's exchange offer was generous—more generous than some had expected. Even though the interest rate on this 1949-53 series of bonds is the lowest the government has ever paid for long-term money, the issue sold last December is quoted fractionally above 101. Investors who wanted to be sure of getting a slice of the new issue were paying 100 28/32 for the maturing notes, a premium that is more than taken care of by the premium on the bonds they get in exchange.

The financial district felt, too, that Sec. Morgenthau had lived up to his promise to make things easy for Federal Reserve member banks which were required, a fortnight ago, to post additional reserves against deposits. That boost cut their excess reserves about \$750,000,000 to \$1,310,000,000. They will be called upon around Mar. 15 to handle large tax-fund transfers, and any substantial Treasury offering to raise new money at this time might have caused a pinch.

### Fire Losses Down

FIRES cost the country \$25,069,895 in January, the National Board of Fire Underwriters reports, but the figure was 16.8% smaller than December's total of \$30,133,628, and 9.6% below the \$27,729,930 for January, 1936. Moreover, the decline from January, 1936, is the first reduction from the corresponding month of the preceding year since September, 1935. While pleased by January's decline, underwriters do not believe the upward trend in fire losses has been more than temporarily interrupted. Higher valuations and expanding business make for growing totals (BW—Dec 26 '36, p27).

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## Mail-Order Technique

Montgomery Ward starts tele-  
type service for customers in  
catalogue order offices.

MONTGOMERY WARD & CO., Chicago mail-order house, this week pondered the question of expansion of its catalogue order offices: i.e., small offices maintained in cities and towns where the company has no other outlet, with one or two girls to assist customers in ordering from the catalogue. Two weeks ago the company opened a new catalogue order office at Litchfield, Ill., and at the same time began a new experiment. It connected the Litchfield office with the Montgomery Ward offices in Chicago by teletype, speeding orders from the small Illinois town to the Chicago mail-order department in about the time needed to say Sen. Joe Robinson. A small charge is made for the teletype service, and the experiment will be watched carefully for some time before more teletypes are installed.

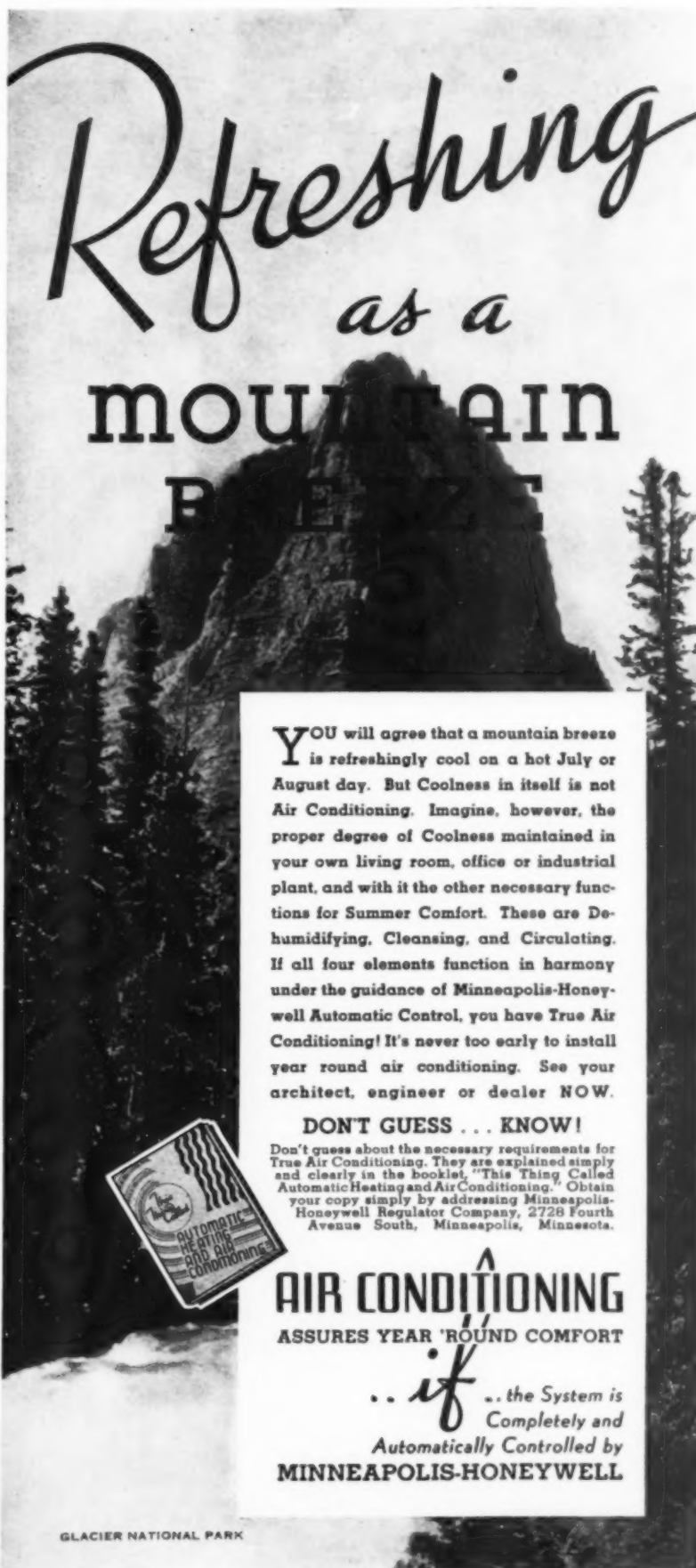
### Started Out in South

Until Ward opened its catalogue office at Litchfield, the Elgin, Ill., office was the only such establishment in the Chicago area. Setting up of such offices, begun about 18 months ago, thus far has been limited chiefly to the Fort Worth territory. There are 22 of them in Texas, New Mexico, Georgia, and Florida, all shooting orders to the Fort Worth mail-order department.

Experience shows that catalogue offices work well in a rich, agricultural state such as Texas, which is as full of cities and towns as France is of Frenchmen. Presumably they would be less useful in the wide-open spaces of Wyoming.

### Charting Average Ad Rates

To set up one standard of what is and what isn't a good buy in newspaper space, the Newspaper Committee of the Association of National Advertisers has just issued "Newspaper Unit Rate Norm Charts" (price to non-members, \$3). For each of nine groups of states, the study shows by a single trend line the average rates on 10,000 lines of national advertising quoted by papers in that area ranging in size from 1,000 to 1,000,000 circulation. The lowest rates, beginning at less than 1½¢ a line in New England, are quoted by papers of 1,000 circulation. Highest rates are quoted by papers of a million or more circulation, and they range from a little more than \$1.10 in the South Atlantic states to \$2 in the Pacific states. Charts are prepared for ready determination of the exact extent to which any paper is out of line with the average rate quoted by papers of comparable size in the same area.



# Refresh

as a  
mountain  
BREEZE

**YOU** will agree that a mountain breeze is refreshingly cool on a hot July or August day. But Coolness in itself is not Air Conditioning. Imagine, however, the proper degree of Coolness maintained in your own living room, office or industrial plant, and with it the other necessary functions for Summer Comfort. These are Dehumidifying, Cleansing, and Circulating. If all four elements function in harmony under the guidance of Minneapolis-Honeywell Automatic Control, you have True Air Conditioning! It's never too early to install year round air conditioning. See your architect, engineer or dealer NOW.

**DON'T GUESS . . . KNOW!**

Don't guess about the necessary requirements for True Air Conditioning. They are explained simply and clearly in the booklet, "This Thing Called Automatic Heating and Air Conditioning." Obtain your copy simply by addressing Minneapolis-Honeywell Regulator Company, 2728 Fourth Avenue South, Minneapolis, Minnesota.

**AIR CONDITIONING**  
ASSURES YEAR 'ROUND COMFORT

*.. if ..* the System is Completely and Automatically Controlled by  
**MINNEAPOLIS-HONEYWELL**

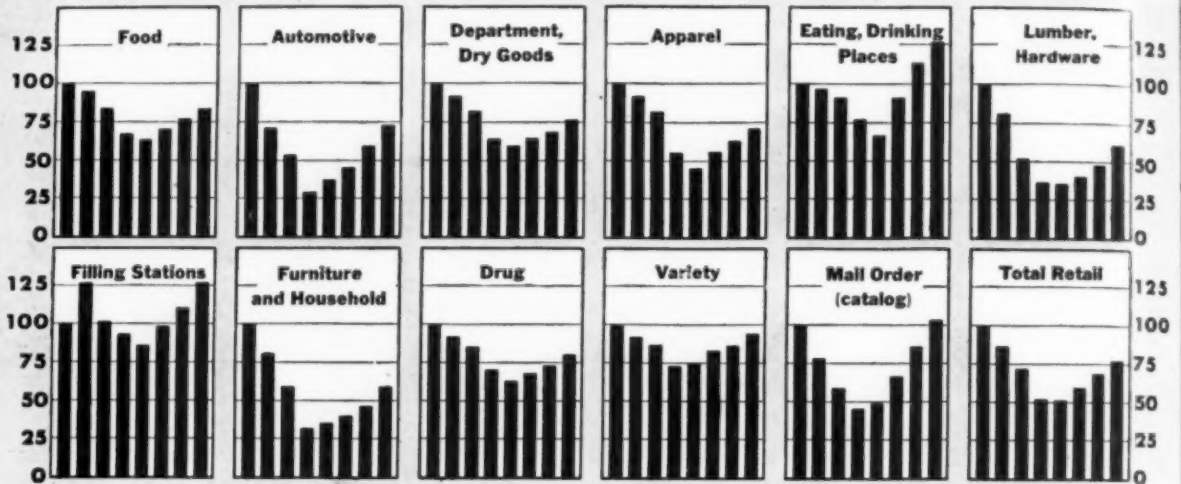
GLACIER NATIONAL PARK



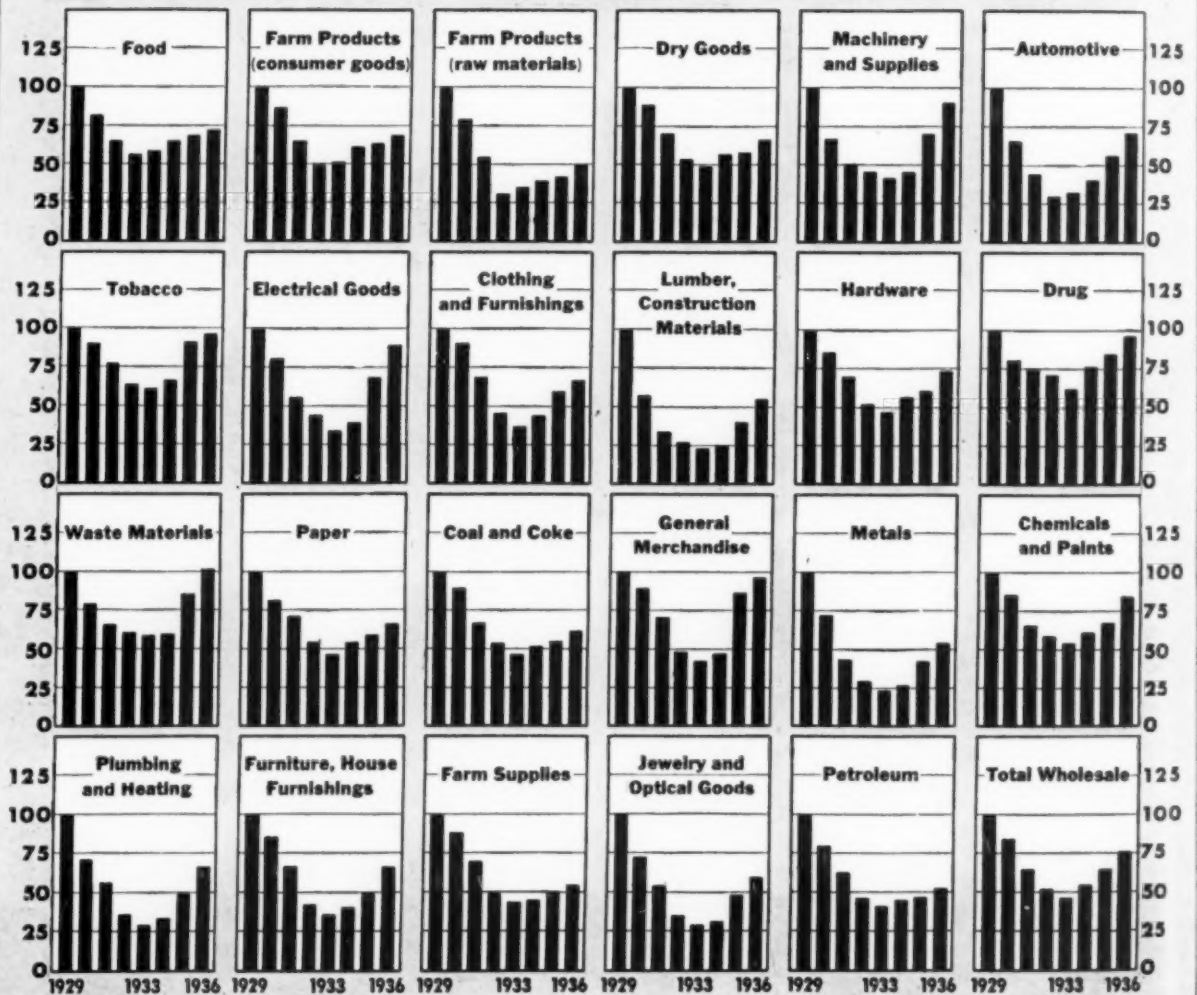
# HOW RETAILERS AND WHOLESALERS HAVE COME BACK

Sales records by kinds of establishments compared with 1929 as 100

## The Retailers



## The Wholesalers



# NEW YORK LIFE INSURANCE COMPANY

**A MUTUAL COMPANY FOUNDED IN 1845**  
**INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK**

The management of a life insurance company is one of the great assets which never appears in its balance sheet. The New York Life Insurance Company is actively managed by its Board of Directors who represent the 2,000,000 policyholders of this mutual company. Every Director serves on at least one of five general Committees

which meet regularly to supervise the Company's operations. The Directors devote their experience, their judgment, and the necessary time to this work in the interest of the millions of people protected by this cooperative, non-profit institution. The following men constitute this Board of Directors:

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New Haven, Conn.

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Director,  
Chemical Bank & Trust Co.

## A BRIEF DIGEST OF THE 92d ANNUAL STATEMENT DECEMBER 31, 1936

### ASSETS

		Per Cent of each item to Total Assets
Cash on Hand, or in Bank.....	\$61,082,294.13	2.54
United States Government, direct, or fully guaranteed, Bonds.....	440,280,359.82	18.31
State, County and Municipal Bonds.....	228,059,533.25	9.49
Railroad Bonds.....	327,501,466.21	13.62
Public Utility Bonds.....	215,994,580.80	8.98
Industrial and other Bonds.....	26,818,027.51	1.12
Canadian Bonds.....	57,048,825.88	2.37
Foreign Bonds.....	317,330.50	.01
Preferred and Guaranteed Stocks.....	84,036,258.00	3.50
Real Estate Owned (Including Home Office).....	126,631,821.63	5.27
Foreclosed Real Estate Subject to Redemption.....	3,521,041.35	.15
First Mortgages on City Properties.....	404,236,105.38	16.81
First Mortgages on Farms.....	7,867,995.97	.33
Policy Loans.....	361,232,688.26	15.02
Interest and Rents Due and Accrued.....	29,154,196.50	1.21
Net Amount of Uncollected and Deferred Premiums.....	30,338,272.23	1.26
Other Assets.....	115,616.16	.01
<b>TOTAL.....</b>	<b>\$2,404,236,413.58</b>	<b>100%</b>

### LIABILITIES and RESERVES

Insurance and Annuity Reserve.....	\$1,987,638,266.00
Present Value of Future Instalment Payments.....	97,225,326.62
Dividends Left with the Company at Interest.....	100,709,573.83
Other Policy Liabilities.....	16,054,897.36
Premiums, Interest and Rents Prepaid.....	11,284,946.96
Miscellaneous Liabilities.....	3,337,471.86
Reserve for Taxes.....	5,856,238.81
Reserve for Dividends payable to Policyholders.....	38,233,060.00
Special Investment Reserve.....	50,000,000.00
Surplus funds reserved for general contin- gencies.....	123,896,632.14
<b>TOTAL.....</b>	<b>\$2,404,236,413.58</b>

Bonds eligible for amortization are carried at their amortized values determined in accordance with the laws of the State of New York. All other bonds and all guaranteed and preferred stocks are carried at market values as furnished by the National Association of Insurance Commissioners. Securities amounting to \$36,145,051, included above, are deposited as required by law.

Over 199 million dollars was paid or credited in 1936 to policyholders and beneficiaries. This is a measure of the Company's service in a single year in providing human comfort and family protection. On December 31, 1936, the Company had 2,722,956 policies in force guaranteeing insurance protection of more than six and a half billion dollars, to be exact, \$6,660,968,484.

The 451 million dollars of new insurance issued and the 46 million dollars paid to the Company by men and women for annuities in 1936 reflect continued public confidence and participation in the cooperative security offered by the New York Life.

As we enter 1937, New York Life continues in its preeminently strong financial position.

*A more complete report listing the securities owned by the Company will gladly be sent upon request.*


**THOMAS A. BUCKNER, Chairman of the Board**

**ALFRED L. AIKEN, President**


**51 MADISON AVENUE, NEW YORK, N. Y.**

**SAFETY IS ALWAYS THE FIRST CONSIDERATION . . . NOTHING ELSE IS SO IMPORTANT**


*This*  
**IS HOTEL  
CLEVELAND**




COMFORTABLE



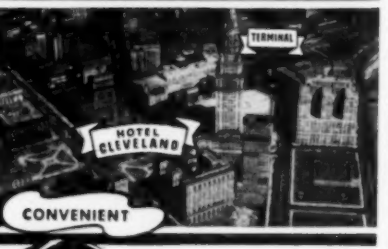
Gay



OR QUIET



Friendly



CONVENIENT

**ROOMS FROM  
\$2.50 FOR ONE,  
\$4.00 FOR TWO**

**HOTEL  
CLEVELAND**  
*Cleveland*

## Trademarks Face New Drive

**Compulsory registration is provided in riders on "fair trade" bills. State food and drug bills may require certain manufacturers to register.**

HAVING encountered the stern resistance of manufacturers and publishers at every turn for the past few years, the proponents of compulsory trademark registration laws this year have evolved a new technique; they are trying to tack their measures on to the tail of other popular measures, principally the fair trade laws. So threatening has the situation become that the National Association of Retail Druggists which is the moving spirit behind the fair trade legislation has sent out a warning to its state delegations to steer clear of trademark registration riders, lest the simultaneous enactment of such unpopular requirements nullify the effectiveness of fair trade laws by giving manufacturers a legitimate excuse for not issuing the price contracts provided by the act.

### Would Help the Racket

The long-standing state laws governing the permissive registration of trademarks has proved a gold mine to those "legal experts" who first adroitly sell manufacturers on their need for trademark protection in a particular state and then set about satisfying that need by filling out the appropriate application blank (which the office boy might just as well have handled), paying the required fee ranging from \$2 to \$10, and collecting from the manufacturer to the tune of \$50 to \$100. It's proved a profitable racket—after all, corporation lawyers can't be expected to keep up on the technicalities of all such laws—but the "experts" have reckoned that mandatory legislation would virtually eliminate their sales cost and increase their take. Last year, in Nevada, they almost succeeded in getting their foot in the door, but advertisers finally prevailed on the governor to veto the bill.

This year's popular fair trade bill seemed cut to order, for such legislation is based on the right of manufacturers to protect the trademark value of their goods.

Nevertheless, their first effort was a complete flop, for Vermont is one of the few states to have repudiated a fair trade law this year, and along with that bill went the trademark registration rider. The second effort was something of a dud. The Kansas fair trade law, recently passed, applies only to goods with "registered" trademarks. That joker has a double sting in its tail, for when somebody took occasion to look up the existing state law for permissive registration of trademarks it was discovered that it applied only to union insignia and to trademarks blown

in glass. All of which not only nullifies the entire fair trade act (even though some assert that federal registration can be interpreted to meet the requirements of the Kansas law), but leaves the experts themselves out in the cold.

Designed to replace the existing law which was apparently stymied in the courts, New York's new fair trade bill seemed until this week the most hopeful prospect for it was proposed as an amendment to the trademark law and provides for mandatory registration. Revitalization of the old fair trade act this week (page 20) may now kill the bill's chances.

Manufacturers are not only disturbed about the machinations of the registration experts in connection with the fair trade laws, but they are harassed by the prospective uses to which advocates of food and drug legislation want to put the registration device. The Maine cosmetic law has been a serious thorn in their flesh for two years, and now seven other legislatures, apparently despairing of the early passage of an effective federal law, are considering stringent measures, modeled after the original Tugwell bill. For effective enforcement, the New York bill specifies that food, drug, and cosmetic manufacturers must pay an original \$25 trademark registration fee and a \$10 annual renewal charge, and other states are playing with the idea of adopting similar enforcement provisions.

### Mutual Adds 8 Stations

ADDING to its stature as America's third chain (or "fourth" chain, if the National Broadcasting Co.'s red and blue networks are considered separately), the Mutual Broadcasting System this week announced the affiliation of eight stations in the Oklahoma network and two stations in Texas, KTAT Fort Worth and WRR Dallas. The Oklahoma stations will be added Apr. 1 and the Texas stations about Apr. 15 to form the Southwest section of MBS. The Oklahoma network is the fifth regional chain to be added since Mutual abandoned its original policy of confining membership to a few high-powered stations. The other regionals which have become affiliated with the new ambitious coast-to-coast chain are the Colonial network in New England, the Iowa and Central States Broadcasting Systems in the Middle West, and the Don Lee Broadcasting System on the Pacific Coast.



## Storm of Strikes

Automobile, rubber, and other industries affected by actual tieups and C.I.O.'s plans.

STRIKES and threatened strikes harassed many an industry, large and small, this week, bearing out the predictions of *Business Week* that more, not less, labor strife could be expected after the General Motors and the automobile union put on Round One.

The American Federation of Labor, not so much strike-minded but now very definitely organization-minded, picked up speed this week (page 13) and the Committee for Industrial Organization outlined its immediate objectives (page 14). On the broad labor front, the high spots to be studied were these:

### The Battle Front

**Automobiles**—Chrysler, Hudson, and several parts plants right in the thick of the fight; G.M. trying to smooth production problems while "unauthorized" slowdowns were started and ended in Flint; and Ford peacefully rolling along while Detroit wondered when the United Automobile Workers would turn to River Rouge.

**Textiles**—C.I.O. formed Textile Workers Organizing Committee with Sidney Hillman of Amalgamated Clothing Workers chairman, announced that the drive to unionize 1,250,000 workers in cotton, silk, rayon, wool, hosiery, dyeing, rugs, and upholstery were begun at once in 24 states. A 36-hour week and \$18 minimum weekly wage with no North-South differential are probable main objectives.

**Oil**—Petroleum Organizing Committee announced by C.I.O., headed by Charles P. Howard of International Typographical Union. Philip Murray, the man who handled the C.I.O. side of the steel conferences, will help.

### Steel Struggle Continues

**Steel**—C.I.O. organizers continued very active this week in steel mills, and kept the pressure on independent companies which did not follow U.S. Steel in recognizing the industrial union as bargaining agent. Hard inter-union tussle for power foreseen in some plants (page 13).

**Rubber**—Akron returned to the top headlines after two girl stock handlers refused to supply stock to Firestone men they suspected of being company union sympathizers. This led to the Firestone strike.

**Coal**—Closely identified with steel, coal has been hopeful for peace inasmuch as steel went a long way toward peace. All eyes turned this week to Washington, where the Guffey-Vinson coal-control bill was speeding through Congress. Attacking the bill as a mere

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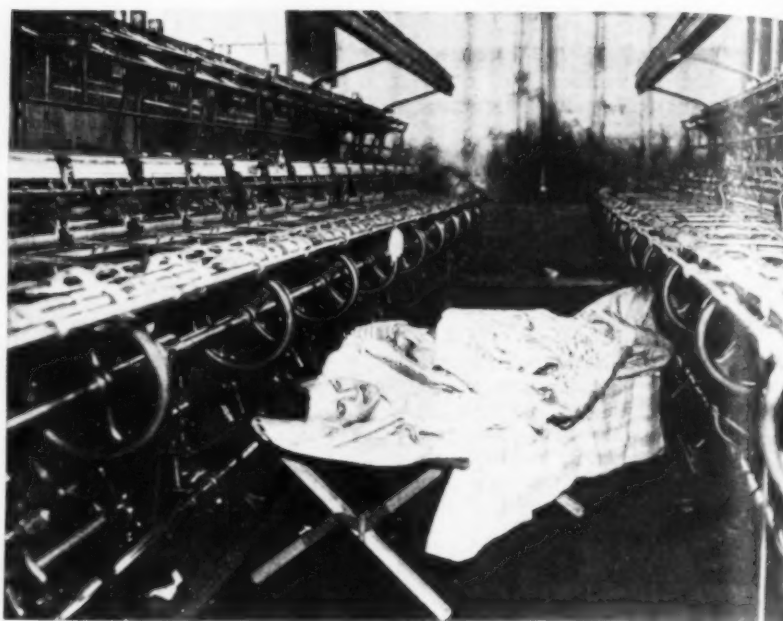
palliative, Rep. Southoff spoke in the House for nationalization of the industry.

These high spots in labor, covering only the biggest mass-production industries, were the peaks in a whole range of rough country which management had to travel over. In scores of places, small strikes have been going on, some for days and weeks, tying up cigar makers, bakers, hosiery plants, clock factories, and so on. Tendencies of companies to follow the lead of G.M. and U.S. Steel and "get this matter settled" cut many incipient strikes off short with minimum damage to production schedules.

### Rubber Trouble a Surprise

Perhaps the most surprising event of the week was the Firestone tieup in Akron. Most people have been thinking that the United Rubber Workers had control of labor, that the company unions had declined to a point where nobody worried about them, and that the C.I.O. was satisfied with its rate of growth in the industry. But the union local at Firestone voted this week to remain idle until the company gave it sole bargaining rights. Good-year and Goodrich unions prepared to submit similar demands for bargaining rights.

This point—sole recognition—is the hurdle which almost all employers refuse to jump over at the command of C.I.O. It caused the Chrysler shut-down this week, it stopped the Firestone production lines, it had held the



**FIRST SIGN**—Labor trouble in a huge textile industry began two weeks ago in the Reading, Pa., area when sitdowners took to cots in a hosiery mill there. Several other plants were affected as the strike spread.

G.M. conferences in stalemate for weeks before the union backed down, and it does not even enter the steel agreement. Judged by the present temper of management, C.I.O. can go a long way, almost everywhere, in getting cooperative agreements for proportional representation—but exclusive rights will continue to be denied in most big plants.

everyone wonders whether it will take on Mr. Ford during the '37 car season.

The best guess would be in the negative. Union leaders boast of strength in General Motors and Chrysler, but they privately admit that their best efforts have yielded pretty poor results at Dearborn.

Rather than acknowledge that workers in the Ford plants might be satisfied with their lot, unionists blame their weak showing on the masterly operations of the famed Harry Bennett and his Ford service department. The union charges that Mr. Bennett, whose deeds have become legendary around Detroit, is the brains of the country's worst plant espionage system and that he has Ford employees so intimidated that they are afraid to join any kind of a union. It is necessary, say union leaders, to acquire more Ford members before making demands on Ford.

### Fears Delay

The U.A.W. believes it would be a mistake to try to call a strike too late in the season. May 1 probably would be the deadline and even that is pretty well along. The strategic time to tie up plants, it feels, is in February or March or early April at the latest. Still another slant: one unionist says, "Don't forget if we take on Ford this spring, we won't have anything interesting left to do next year. We got to think about 1938 as well as 1937."

It's still possible, of course, that events may shape up at Detroit so that Ford soon will come face to face with demands similar to those made on General Motors and Chrysler. Anyway,

## Industry Watches Ford on Labor

**C.I.O. probably won't tackle him this year but may do it next February. Ford opposes any kind of unionization and is strongly prepared for a fight.**

DETROIT (*Business Week Bureau*)—"After Chrysler, Ford." That repeated statement by the United Automobile Workers has led Detroiters to speculate about when and how the union will direct its fire on the Ford citadel at Dearborn.

The Committee for Industrial Organization went into the General Motors strike with a fair measure of confidence. They actually swaggered into Chrysler. But they realize that a successful attack on the Ford empire will be the toughest assignment possible. This is true because they thus far have not signed up many men at Dearborn and a publicity assault on Mr. Ford wouldn't carry the appeal of one on the duPonts. Moreover, the Ford plant on the River Rouge is more strategically located to repel invasion than are most automobile plants.

Back in the NRA days General Motors set up its own works councils through which it bargained collectively with its employees. Only lately has it formally recognized an outside union on a national basis. Chrysler for several years has met with representatives of any group which claimed to speak for a portion of its workers. Mr. Ford, on the other hand, has never made any pretext of dealing collectively with his men. There has been no company union. He has felt that unions were bosh.

### After Chrysler, Ford?

At the end of the General Motors strike it appeared the union had made up its mind that one major strike a season in motors was enough, but since then it has swept ahead with such rapidity in the steel and automobile industries that it tackled Chrysler. Now

stories won't down that gates at Rouge have been reinforced and plant windows protected with heavy wire mesh so that valuable equipment inside could not be damaged by missiles thrown in from outside.

If a sitdown is attempted, the sit-downers had better be sure their numbers are formidable and their stamina excellent, because they probably will get a warm reception from loyal employees (no doubt aided by Mr. Bennett's cohort).

A group of even one hundred men sitting at key positions in some large plants might stop things completely, but Detroit finds it hard to believe a group could tie up the Rouge plant unless it had widespread support from Ford workers themselves. It's always possible to snipe at Mr. Ford by trying to unionize his branch assembly plants first (and that is what the union is reported doing in some cases), but the real test won't come until Dearborn is tackled.

#### Ford May Go Fishing

Union demands on Ford wouldn't differ much from those on other automobile companies—union recognition, elimination of the speedup, an annual minimum wage, seniority rules, abolition of espionage. What would Mr. Ford do if a strike should be pulled in his plants? Many people think he would shut up shop indefinitely and go fishing. He and his son Edsel are answerable to nobody except themselves. They haven't thousands of stockholders to appease. Mr. Ford didn't operate for a year in 1926-27. He can do that again.

It isn't unlikely that if trouble seemed about to break, Mr. Ford would increase his daily wage from \$6 to \$7 or lower his work-week from 40 to 30 hours with no reduction in pay. He might even raise wages and lower hours simultaneously. It wouldn't be the first time he had set the country on its ear.

#### The Last Stronghold

To date the U.A.W. has been content to worry Ford by cutting off parts supplies by strikes in makers' plants. They think that if they can get a contract from Mr. Ford, the ultimate will have been reached. Everything else will be easy. They don't believe he will dare close down his plants and figuratively throw the keys away. They remember he hasn't done some things which in the past he wrathfully threatened to do.

Anyway, Detroiters are sure that sooner or later—early in the '38 model year if not this spring—they are to find out what happens when an irresistible force named John L. Lewis meets an immovable object named Henry Ford.

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## France Fights to Save Franc

**Offers a shade better than world price for gold, and first results are encouraging. Blum tries to revive confidence by more conservative policy.**

FRANCE this week dug in for its monetary Verdun, a last ditch fight to prevent a further slide of the franc. While Premier Leon Blum's government didn't go so far as to stabilize the currency in a fixed relationship to gold, it did inaugurate a policy of setting the price of the yellow metal daily in an eleventh-hour effort to restore confidence at home and abroad.

The French authorities thus are following to some extent the trail blazed in dollar devaluation four years ago. The Bank of France will buy gold at the new value of the franc rather than at the old parity; hoarders are advised to come in, no questions asked, and those who have patriotically coughed up gold will get the difference between the old and the new price. Restrictions on purchases of the metal for export have been relaxed, at least for banks.

### Gave Temporary Strength

The first result was an at least temporary buttressing of the tottering international currency status quo. France

started right out on Monday by offering more for gold than anyone else in the world will pay—a shade over the \$35 an oz. that the United States pays and a fairly wide premium over London's "world" level of about \$34.78. It was an attractive price, a price designed to bring home frightened gold which had fled and to draw hoarded metal out of mattresses and cisterns.

### More Conservative Policy

But Premier Blum didn't make his bid for a rebirth of confidence without a sacrifice of the Popular Front's political goals. He pledged rigid economy. He promised to limit the forthcoming loan to the 9,500,000,000 francs budgeted for national defense. He promised not to introduce any more bills for nationalization of industry.

The Ministry, in making these concessions, had clearly in mind how the government's January loan had flopped. Then the state railroads were hocked as security for the February loan of \$250,000,000 from Britain. This time



Harris & Ewing

**HITS STONE WALL**—One of the first official jobs undertaken by Georges Bonnet, new French ambassador to the United States, was to seek American help on his country's new national defense loan. He consulted Sec. Morgenthau, found it ran afoul of the Johnson Act barring loans to foreign defaulters.

Blum wants to see if he can't sell some bonds at home.

Nevertheless, France would have been glad to have the United States and England help out with the sale of the new loan. Washington was sounded out as early as Mar. 5 but Sec. Morgenthau notified Finance Minister Vincent Auriol that the Johnson Act would prevent France from appointing an agent to handle payments in this country. However, the national defense bonds allow for payment in foreign currencies, at the option of the holder, so that private investors in other countries may buy with assurance if they want to get aboard.

The response of world markets to the new French monetary policy was, on the whole, favorable. Initial doubts and misgivings resulted in a drop in the franc to 4.51¢ from recent prices around 4.65¢, and during that slump the French stabilization fund was just about the only buyer. However, as the program was clarified, the French currency rebounded about half way and tended to stay put at about 4.57¢. On the rally the shorts were pinched and the rate needed very little support from official sources.

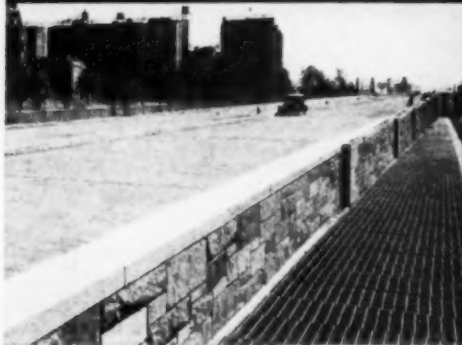
### Franc Is Midway Now

Now the franc is about midway between the upper and lower levels of devaluation specified when France deserted the gold standard and staked its fate with the tripartite stabilization agreement last October (BW—Oct 17 '36, p13).

At that time the French government decided that the franc should be al-

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lowed to find its own value somewhere between 4.3¢ and 4.9¢. The present policy of setting daily gold buying prices doesn't alter those limits, but the government seems intent on pegging the rate around current quotations to stabilize foreign trade.

Frenchmen, when the definite program was presented to the Chamber of Deputies, gave it their blessing. They bid up the prices of bank stocks and of government rentes on the Paris Bourse. They sold some securities in London, apparently with a view to repatriation. And a few went to the Banque de France to cash in gold hoards, although most were waiting until the new law goes into effect to be sure where they stand—the October law made criminals of them if they didn't turn in their metal.

### Expect Franc to Hold Level

Foreign exchange circles are fairly confident that the franc can be maintained for the time being. Although the French stabilization fund is reported bare of gold and holds but little foreign balances, the feeling is that the United States and England will continue to extend aid. The United States, in fact, in its fight on "hot" money, will be glad to give any assistance it can to prevent French capital from flowing in this direction.

France's position in foreign trade isn't lending much help, however. Imports in 1936 exceeded 25,400,000,000 francs, with exports only 15,450,000,000. While exports have been increasing recently, so have imports. The January figures were 1,773,000,000 and 3,319,000,000, respectively. The problem right now is to tide the treasury over until tourist traffic boosts invisible receipts.

Hopes are high for a material increase in tourism. Americans, for example, now can buy 21.9 francs for their dollar compared with 21½ a few days ago and about 15 last summer.

### Higher British Taxes

**Standard income tax rate is expected to be raised in the coming budget.**

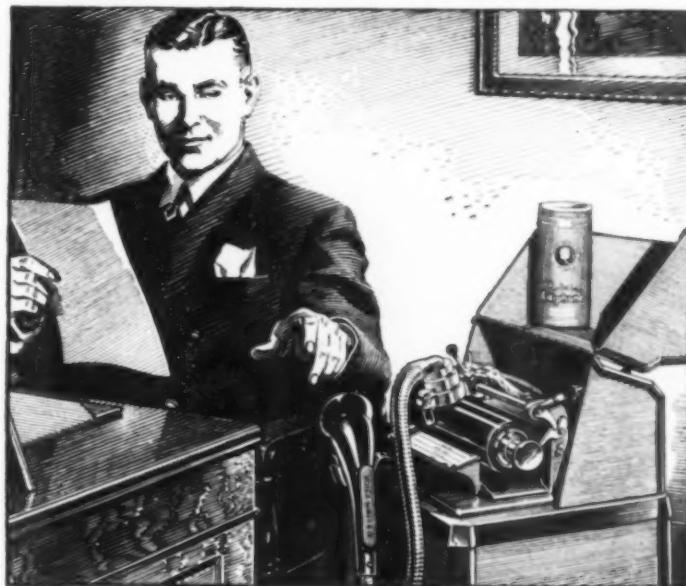
LONDON (Special Correspondence)—Best forecast of the April budget—a rise of not more than 6d. and possibly only 3d. on the standard rate of income tax, now at 4s. 9d. in the £. (After untaxed portion, family allowances, life insurance allowance, etc., etc., a rate of 4s. 9d. in the £ probably works out to an average effective rate of not more than 3s. 6d.) Surtax which is now operative on incomes of over £2,000 a year is expected to be left unchanged as to rate, as it is already penal on big incomes, but will probably be lowered

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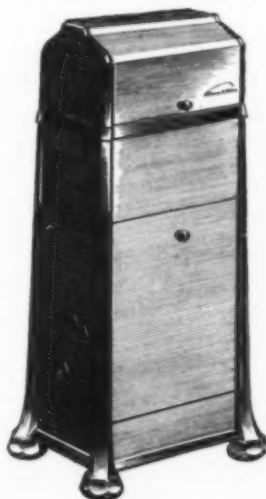
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Indirect taxes are speculative. Tea duty may be restored. Fancy taxes discussed include a tax on bachelors and a tax on "push-bikes." These are unlikely. They do not fit Chancellor Chamberlain's temperament, and income tax allowances already negatively tax bachelors. Cycles are so much used by workers that the hardy annual suggestion of a slight tax never matures; it would affect 10,000,000 people. Higher tax on beer will turn on the estimate of yield at present rates from increasing consumption. Wines are likely to be taxed a bit higher. Whisky will almost certainly escape, as the duty is now very high and hits British barley growers.

Chief sufferers from indirect taxation are likely to be motorists by means of an increase in the horsepower tax. The taking of powers to borrow £400,000,000 for defense and to apply any budget surplus to the same end has eased anxiety about too penal a budget. Strong measures in conjunction with Lloyd's have already been taken to prevent any repetition of last year's leakage scandal.

## British Labor Dearth

Armament and other firms suffer from shortage of skilled men. Wages going up.

LONDON (Special Correspondence)—A new kind of labor problem haunts Britain: not a skilled man can be had. Armament firms under the stimulus of new government spending are both drawing men from and losing men to general engineering enterprises. There is some talk of the approaching necessity for government action to allocate such workers, but as this would be dangerously like civilian conscription, it is unlikely to be done.

### Not Enough Apprentices

The trade unions are still dead set against any dilution of their membership. After some years of slump and unemployment the number of apprentices, which is carefully regulated, is low, and the new apprentices now entering will not be ripe for four or five years.

In the meantime both wage demands and voluntarily granted wage increases have been getting numerous. So far the effect on cost of living of the wage factor and the commodity boom has not been felt. Britain for the first time in her history began a new boom with wage increases preceding instead of following cost-of-living jumps, and this has had a steadying effect. It was entirely due to the rescission of the 1931 cuts at the earliest moment.



## Business Abroad

**From Russia, *Business Week's* foreign editor reports that only Fascist nations disliked Ambassador Bullitt's recent speech, that trade continues despite maddening barriers, that things in Moscow are looking up.**

MOSCOW (Cable)—Europe is tremendously stirred by the Washington's Birthday speech of Ambassador Bullitt in Paris in which he expressed (officially) an "abiding sympathy" for the nations in which man is still free and pledged the United States to aid the restoration of international trade.

Germany characteristically censored it out of the news, chose instead to protest in full-page streamers the La Guardia crack on Hitler.

Czechoslovakia, worried more than anyone else over Germany's next move, took comfort in the belief that it was only mildly veiled support of Blum and a sharp warning to Berlin—the kind Prague wishes London would issue instead of procrastinating as in 1914.

Moscow is tremendously pleased.

To the Russians the statement means many things: That Washington is determined to make clear its stand against aggression, to support Blum at a time when his position is weakened by financial difficulties (in part developing at home but also in part claimed to be instigated in London), but, most important, that Roosevelt is going ahead with his vigorous program of developing plans which attempt to prevent war in Europe.

Europe's need for peace and a more rational interchange of trade is dramatically illustrated at each international boundary in Eastern Europe. On en-

tering Germany all foreign currencies must be declared on a voucher which is receipted by a government agent. It should be possible to go from Leipzig to Prague, Czechoslovakia, in three hours on a fast through train. But when *Business Week's* foreign editor, in company with a vast throng of international buyers, attempted to go from the Leipzig Trade Fair to the Prague International Fair, it required nearly seven hours, largely because of currency declaration formalities at the border. Every passenger on a 15-car train had to clear himself with German authorities then enter the station and make a declaration to the Czechoslovakia authorities. The only light touch was a train boy circulating through the disgruntled crowd shouting instructions in six languages and speaking so fast it became difficult to catch the tongues.

### Too Many Restrictions

Multiply these border irritations by the number of countries in Eastern Europe and the complications of doing

### Special Report

From Moscow, *Business Week's* foreign editor has cabled for "Business Abroad" the second of a series of special reports on his first-hand observations and his conferences with political and business leaders during a trip which will keep him in Europe until early April.

This week's report on business conditions as they look in and from Russia's capital is accompanied by an important news story revealing the unexpected size of Soviet gold production and Soviet reserves (page 15).

As will be the case throughout the trip, the Foreign Editor's cable is followed by the regular dispatches from *Business Week's* corps of foreign correspondents.

business under present mass of restrictions becomes quite clear. One buyer from Brussels who travels a great deal was on the last page of his second passport in one year because the first was no longer sufficient for all the registrations and special stamps required.

Old-time buyers also made the interesting observation that many machinery manufacturers at the Berlin auto salon showed fewer lines this year because they were already behind on delivery. In some cases a let-up of military orders would cause them to bring out new models. These are now ready but are being held until needed as bait to attract new business quickly. Most machine manufacturers, except those making very special lines, are not able to make delivery in less than six months. There is serious competition in most countries over here for steel and pig iron.

American airplanes are universally admired. Holland has just bought enough Douglas planes to fly all Dutch commercial schedules. On the present trip to Moscow, when the German plane from Berlin landed at Königs-



**SPREAD FOR RUSSIA'S BREAD**—Opened in 1932, the Krasnodar Fats Refinery in the Azov-Black Sea territory is the Soviet's largest producer of margarine—10,000 tons a year—and it boasts some of the most modern food manufacturing equipment—vacuum pumps and settling tanks for the fats (above) and conveyor belts to handle the margarine mass (below).

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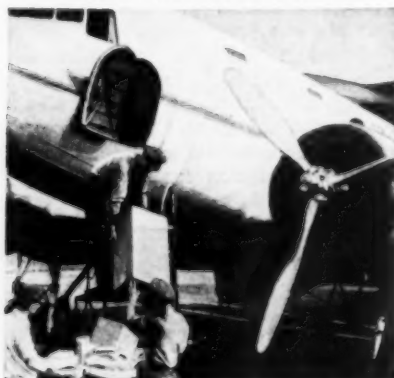
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burg, we were transferred to the Soviet Deruluft line, flown by a big new Douglas. A young Dutch business man bound for Moscow to buy pig iron was so pleased when he saw the plane that he rushed through a company of German troops, which was being shown the airport, to telegraph his wife that he would fly the rest of the way to Moscow on an American plane. The German Junkers plane and pilot from Berlin had performed beautifully but the plane was the same model that has flown for more than three years. Soviet pilots are excellent.

Moscow is feverishly busy. Street crowds seem larger than anywhere in Europe except London. There is a great deal of construction, due somewhat to the mild weather. Only a few foreign commercial representatives are here and almost no Americans. The Metropole Hotel is still the center of social life and, with its Intourist headquarters, draws all foreigners. An excellent jazz orchestra plays every night and many Russians are among those dancing, and doing quite well.

### They Like Their Movies

The movies are packed, with tickets sold days in advance. The new light cars looking like recent American models, are now numerous on the streets. There are no midget cars as in Berlin, Prague, and London. The new Soviet streamlined trolley cars are quiet and smart.

The variety of food is increasing. Fruit is especially good and there are interesting lines of canned goods. The stores are thronged but business apparently is well-organized. The people all seem well shod and warmly dressed though style is still lacking.

Undoubtedly the standard of living has suffered from the mass effort to rearm in a hurry but it is obviously higher than a year ago. Moscow has passed the day when loud-speakers appeared in every corner because of the shortage of radios, but the drive for a popular new model is evidence that the rest of the Soviet is not yet adequately supplied.

### Large Orders in Prospect

It is reported in informed Berlin circles that Germans have refused to sell the Soviets equipment for huge new chemical plants because of the additional strength it would afford Moscow. If this is true, it is likely that the Soviets will seek similar equipment soon in the United States.

It is also reported here that a million-and-a-half dollar telegraph equipment order has been placed for a new line from Moscow to Khardbarovsk to operate by 1939. Beyond the immediate business value of these orders, it is evident that Russia is giving weight to any collective security program.

## Great Britain

**LONDON (Cable)**—The general over-tone is good with commodities booming. Unemployment has dropped 61,000 in the last month, 398,000 in the last year. There is some worry over labor troubles with several small aviation strikes in progress and the threat of a London bus strike. The victory of Morrison, labor leader, in the London County Council elections perturbs business, though it is largely a personal one. However, with three years of rising tax rates expected, labor victories are likely in the municipality elections in November.

### Policy Toward Germany

Politically, anxiety grows as a result of Germany's colonial demands following statements of Eden and others here that Britain is unprepared to consider return of the colonies to Germany. This is believed likely to draw Italy and Germany together again, making an aggressive mood certain after the conclusion of the Spanish war—with Britain still in the early stages of rearmament.

The reduction of steel import duties by roughly one-third eases the steel famine but increases apprehension growing out of the adverse balance of trade.

First budget forecasts agree on a three-pence to six-pence boost in the income tax with the surtax point lowered to catch incomes of £1500 and some indirect tax, probably on tea or sugar.

Chamberlain has to find £50,000,000 more next year but will be helped by a larger tax yield as a result of the boom and will probably borrow £50,000,000 at 3% on the basis of his new powers. It is also expected that the present budget will yield a £5,000,000 surplus for arms.

## Germany

**BERLIN (Cable)**—With the German-British colonial discussion ending in a virtual deadlock for the time being, the German press is assuming a strikingly aggressive, even abusive, attitude toward Britain. An editorial in the *Deutsche Volkswirtschaft*, leading Nazi economic weekly, threatens that in a few years Germany will have opened the way to Asia Minor and created a southeastern economic block, making her invulnerable in a conflict with England. The ideas and language are ominously reminiscent of prewar days, suggest that Germany is losing hope of restitution of the colonies by negotiation.

The Reich's greatest immediate concern is whether she can carry through to August with the present grain supplies without drastically reducing hog population, which reached a post-war

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record of 25,000,000 last December. Agricultural experts calculate that maintenance of this number is conditional on the importation of a minimum of 3,000,000 tons of bread and fodder grain before the new crop. This presents almost insurmountable difficulties owing to the present foreign exchange position and explains the government's feverish efforts to increase supplies of foreign currency.

Following the recent virtual commandeering of foreign securities, the prohibition of barter trade with the principal eastern countries, including China and British India, serves the same purpose. It is believed that many German export articles now bartered could be sold against straight foreign exchange payment. Since barter with the United States is already prohibited with a few exceptions, South America is now the only important market where barter is still permissible.

## France

PARIS (*Wireless*)—Under growing pressure from Radical Socialists and a treasury situation threatening stark disaster, the Blum government is making a brave attempt to liberalize its financial policies. The new plan includes:

(1) Suppression of the internal gold embargo, with the Bank of France buying internal gold at the current price instead of the pre-devaluation price.

### Big Cut in Budget

(2) Lopping off 6,000,000,000 francs from the extraordinary budget's original 25,000,000,000; this involves tossing out the window nearly all the cherished public works relief programs, revising downward local administration expenditures, raising railroad fares to cut operating deficits that have been covered by the treasury.

(3) Pledge by the government to cease demands for new credits and to renounce new expenditures except for raising pay of low-strata government clerks.

(4) Shift in management of the equalization fund from the Bank of France to a committee of four experts who would also control the rentes (government bonds) market, and maintain fully the British-French-American stabilization agreement.

(5) Flotation of a national defense loan (see page 48) with guaranteed franc exchange, meaning that coupons and redemption would equal fixed amounts of francs, pounds, or dollars, being payable in any of these currencies at the holder's option.

The campaign for subscriptions for the loans will open with a driving radio speech by President Lebrun. Extremist factions of the Popular Front are opposing the complete change in financial policies with the bitterness that char-

acterizes their opinions. They compare it to the British Premier MacDonald's "surrender" in August, 1931. But practically all other parties of the opposition sector are supporting it.

Paris thinks that the present weakened condition of the franc is due to the fact that the government ceased pegging the exchange rate with its equalization fund.

## Far East

WHILE an anxious world listened in, Japan's new foreign minister, Naotake Sato, delivered his first speech before the House of Peers last Monday. Reactions were favorable since Mr. Sato waved the olive branch in all directions.

He told China that her demands to be treated on an equal footing "should be respected" and past differences shelved. Britain's fears that Japan would endanger her interests in south China were soothed. Mr. Sato deplored bad relations with Russia but blamed the Communist International (Comintern) for stirring trouble everywhere.

China hopes that the Sato speech marks a change in Japanese policy. But Japanese foreign ministers usually pitch their maiden speeches in this key and China retains her doubts. From Nanking it looks like another case of Japanese pressure stiffening Chinese resistance to the point where a breathing spell is granted.

China sees little probability of a retreat by a Japanese government whose premier is Gen. Senjuro Hayashi, the "border crosser." It was this battle-scarred, sabre-mustachioed warrior who ordered troops from Korea into Chinese Manchuria without instructions from his superiors; who prepared himself for "harakiri" in expectation of reprimands which never came.

### Speculating in Munitions

The budget of 2,815,000,000 yen (greatest of any peace year) passed the House of Representatives without amendment. The armament program proceeds but with growing criticism of the "narikins," speculators who are piling up fortunes on munitions contracts. To counteract an overhang of imports (due partly to war supplies) the government has decided on shipping 50,000,000 yen (about \$14,225,000) in gold to the United States. It is expected to protect the present rate of yen exchange.

One minor international irritant has been definitely removed. This is settlement of the leasehold controversy with British and American interests whose holdings in Japan have been free from municipal taxes since extraterritoriality was abolished in 1899. The properties will be converted to ownership and will start payment of taxes on Apr. 1, 1942.

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# Money and the Markets

**Buying becomes more selective as the gravity of the labor situation is appreciated. Brokers' loan figures show the public is in the market in a big way. How far can the commodity boom go?**

SECURITIES markets this week were soberer, buying was more selective, and price movements were less boisterous. There was, too, less tendency to gloss over the seriousness of the labor situation and the latest crop of strikes. Nevertheless, the stock averages got into new high ground before Monday's late reaction and at midweek, stimulated by a resumption of the commodity boom, were nudging their tops again.

These markets, among the most active of recent years, have been very pleasing to regulation-ridden brokers. Volume has been eminently satisfactory from the commission house's standpoint. Moreover, prices have risen so substantially that stocks are going into higher and higher commission brackets.

## Public Steps In

From advancing securities prices and the accelerating turnover, it could have been guessed that the public (which long since recanted its "Never again!" of eight years ago) is in the market in a big way. This is confirmed by the brokers' loan figures.

It isn't quite so much a cash market any more. The higher prices go, the larger is the 45% which can be borrowed by the buyer. And the faster the advance, the more avidly the margin trading public plunges in. So the loan figures have been going up almost steadily since the middle of last year. On Mar. 1 the New York Stock Exchange's report on members' borrowing on collateral hit the highest level since July 1, 1934, at \$1,074,832,139, up \$48,460,000 last month.

Very much the same thing is re-

## Bank's "Front" Man

The World Bank's turnover in presidents is high, so it has decided to have two head men in the hope of keeping one active. That J. W. Beyen of Holland was to succeed his countryman, L. J. A. Trip, as president had been known for some time. But it was a surprise when the new post of chairman was created and a prominent international figure, Sir Otto Niemeyer, named for the job.

The idea appears to be to have a working banker running the Bank for International Settlements as president while the chairman serves as a "front" man. For the latter duties Sir Otto is admirably suited—he's a director of the Bank of England, long has been on the World Bank's Board, has served on the League of Nations finance committee for years, has figured prominently in Britain's dealings with foreign debtors, and recently visited the United States to talk Anglo-American cooperation in handling foreign debt problems.

vealed by the Federal Reserve's monthly compilation of the amount of credit extended by Big Board members to their customers. These debit balances of customers of member firms (which handle 90% of the country's margin trading) increased in each of the five

months ended Jan. 31. The rise in January was \$38,000,000 to a total of \$1,433,000,000 while the gain for the five months was \$146,000,000 or 11.3%.

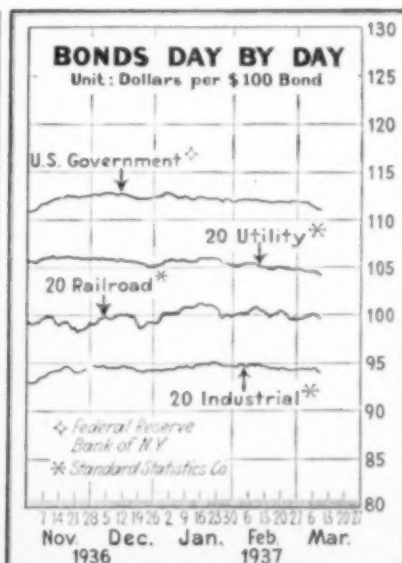
Incidentally, the brokers who advanced this additional \$146,000,000 to customers financed it with borrowings of only \$61,000,000 for their own account, this total rising to \$1,028,000,000 on Jan. 31. The significance of this is that a lot of margin customers had more cash up than they needed. The Federal Reserve reports that idle credit balances were \$372,000,000 at the end of January, and brokers are able to lend this money, going to the banks only when the need arises.

Apparently brokers were going to the banks in February. The Stock Exchange's tabulation, in addition to showing a rise of \$48,460,000 in loans during the month, reveals that \$33,000,000 of the gain was in time loans. That is not in the mode of recent years. Call loans are available at 1½%; 60- to 150-day time loans on stock exchange collateral cost 1½%.

## See Higher Call Rate

Obviously brokers are not going to borrow at the higher rate unless they have some pretty good reason for it. What they're thinking is that the banks are going to boost the call rate between now and May 1 when the second half of the boost in reserve requirements has to be posted by the banks. Thus they figure that it will be cheaper for them to arrange longer term borrowings now than to risk the call loan rates in the next few months.

But, even with these recent gains in loan totals, the securities markets aren't eating up any great amount of the available credit supply. Approaching it from another angle, the reporting Federal Reserve member banks in 101 cities are advancing \$1,260,000,000 to





Underwood &amp; Underwood

**SPECTATOR**—Interested but not actively participating was Harold Stanley at the Senate subcommittee railroad finance investigation. Mr. Stanley, head of J. P. Morgan & Co.'s securities offshoot, Morgan Stanley & Co., listened and advised as Thomas W. Lamont answered Sen. Wheeler's questions on the relation of the House of Morgan to the rail empire of the late Van Sweringen brothers.

brokers and dealers, while other loans on securities come to \$2,012,000,000, a total of \$3,272,000,000.

Expanding loans on securities, though, taken in combination with federal curbs on credit expansion and the rise in business borrowing, will have some influence on interest rates sooner or later. The "other" loans (which are largely commercial borrowings) of the Reserve banks in the 101 cities have mounted in each week since Jan. 27. They now stand at \$4,191,000,000, up \$93,000,000 in the last five weeks and \$910,000,000 higher than they were at the end of February, 1936.

### Banks Favor Rise

Now banks would be very pleased to see higher interest rates. They are pretty sure to boost call loans. With commercial borrowing showing a strong seasonal rise, coincident to the expansion in brokers' loans, it would be only natural for the bankers to try out the market with slightly higher rates.

Meanwhile, this frantic market in commodities is doing its fair share to hasten the day when bank credit will be dearer. Higher prices on raw materials mean larger dollar volume for corporate inventories. Expanding business means larger unit volume for corporate inventories. Add up the two factors and it means that those companies which haven't exceptional cash reserves have to seek loans.

Meanwhile, there is a lot of argument about how far the boom in commodities should reasonably go and whether it's a good thing for the coun-

try. There's one Middle Western banker, for example, who writes that commodities will rise precisely to the extent that the dollar was devalued and that, when they attain that level, prices will tend to stabilize.

That argument misses on several points. It doesn't specify just what is going to stop prices when they have reached that level. It doesn't give any weight to the feeling of many observers that credit inflation will whirl prices up far beyond any such theoretical limit when it takes hold. On the other hand, it doesn't allow for the fact that banks' excess reserves have been cut sharply and probably will amount to no more than \$675,000,000 after the next boost in requirements. That contraction of the credit base was designed to curb any speculative rise in prices.

### Producers Helped

As a large foreign banking corporation points out, the incomes of raw material producers are expanding. This, the firm argues, was the most important ingredient needed to bolster purchasing power and foster recovery. But the study notes that the rise shouldn't be overdone. And it fails to point out that rising raw material prices will result in higher levels for finished goods which will more or less neutralize the higher purchasing power of the raw material producers; then the process tends to repeat itself. That cycle is called inflation.

There are other sides to the commodity boom, too. The recent experience of the tobacco companies demonstrates that it isn't good for everybody.

The sharp break in American Tobacco common and class B stocks on Monday (which spread to other cigarette shares the following day) was attributed to pessimism over profit pros-

pects voiced by officials of leading concerns. Touching off the slump was American Tobacco's annual report for 1936 showing net earnings of only \$3.70 a share against \$5 paid in dividends and net of \$4.57 in 1935.

American Tobacco's lower profits, coming in the face of higher sales, were attributed to "intensifying sales exploitation through enlarged appropriations for that purpose." But the cigarette stocks aren't slumping on what happened to a single company last year, especially when it is considered that Reynolds, and Liggett & Myers, both did better in 1936 than in 1935. The drop was on the prospect of lower profit margins in 1937.

The industry, in the opinion of J. W. Andrews, president of Liggett & Myers, is up against higher prices for leaf tobacco without compensating increases in product prices. He notes that finished products haven't been advanced anything like the amount of the rise in the cost of tobacco. What this means is clearly indicated by comparing the inventories of the three biggest companies at the end of 1936, when they totaled \$357,200,000, with the Dec. 31, 1932, figure of \$267,239,084.

Another worry for the manufacturers of so-called 15¢ brands of cigarettes was the Federal Trade Commission recommendation that the federal tax be cut to \$2.70 a thousand on the 10¢ brands but retained at the present \$3 for the 15¢-centers. Heretofore the tax has been \$3 on both, or 6¢ a pack of 20 cigarettes.

**Too Much Work**—This business of regulating the nation's securities business, conscientiously undertaken, is an enormous job. The jam on the Securities and Exchange Commission's calendar proves it, if any proof is needed.

The time consumed in completing

### THEY WANTED FACTS

—So Walter C. Teagle, New Jersey Standard Oil chief, brought along a briefcase full when he testified before the Securities and Exchange Commission. Mr. Teagle was among the witnesses heard in connection with a Colombian bondholders protective committee's effort to register securities. The SEC attempted to show that Standard Oil was the biggest taxpayer in Colombia and, at the same time, a prime mover in the protective committee; that there was a conflict of interest.





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hearings on alleged manipulation of Kinner Airplane stock by C. C. Wright, New York Stock Exchange member, and 11 others illustrates why things pile up. That case dates back to February, 1936, and it still is far from finished. Attorneys have yet to file briefs; the examiner must read them and write his report; then there is the prospect of arguments on the report before the full commission; later the commission will issue its ruling. If it's against the brokers, there's recourse to the courts. Meanwhile, SEC examiners have just gotten well started on the Atlas Tack hearing. And there are a lot of other less important investigations such as the Dictograph Products fight.

Already having consumed months, the investment trust study is still going on. An investigation has been launched into activities of a protective committee for Colombian bonds, in which the probers are attempting to prove that Standard Oil of New Jersey had too large a hand plus conflicting interests. This may be an outgrowth of the major study being made into foreign bond defaults, which is in the last stages. There also is the important study of how, and to what extent, broker-dealer functions on the stock exchanges should be segregated.

All this added to the immense detail of policing margin accounts, passing on new issues, investigating shady stock peddling schemes, and checking, in co-operation with Canada, across-the-border securities activities. Not to mention administration of the Public Utility Act of 1935 in which litigation has dragged for 15 months and stands to be with us for another year.

**Miscalculations**—Depressed momentarily by the proposed  $\frac{3}{4}$ ¢ a lb. sugar excise (*BW*—Mar 6 '37, p. 64), markets for the raw product have snapped back since. The recovery, a distinct surprise to many, resulted from a tight spot situation; refiners want raws for processing before the end of this month when the new levy is scheduled to go into effect.

This accounted for the rise in raws for nearby delivery to about 3.60¢ a lb. But it remains to be seen what will happen to the price after the tax is put in force. How much of it will come off the price of raw sugar, how much out of refiners' margins of profit, and how much may the trade try to pass on to consumers?

First indications were that the tax was mostly going to come off the price of raw sugar. Hence the decline from around 3.90-3.95¢ early this year to offering prices of 3.48¢ (with no bids) early last week. Incidentally, if the refiners get needed supplies before Apr. 1 and then pull out of the market, it would not surprise the trade to see prices of 3.30¢ or lower next month.

If that should happen, quotations

would be down something like 60-65 points from the year's high. Now the tax is designed to raise money to pay the small farmer 0.7¢ a lb. If the levy knocks the price down 0.6¢ and the government gives the farmer 0.7¢ back, the sum total of the benefit to the producer is questionable. If he's to gain very much, he will want a better raw sugar price, plus federal benefit payments, and the problem then becomes one of forcing the refiners to cut their take or of saddling the consumer with higher prices. Sec. Wallace already is on record as desiring to take it out of refiners' hides.

**A Word for It**—For a long time, Wall Street has been pretty pleased with its word "leverage" to describe a common stock which has either preferred stock or bonds behind it, or both. In good times, the senior capital earns more than the amount required to pay interest or dividends and what is left over inures to the common. It is a favorite way for an equity security to compound a profit (or a loss) quickly.

The English call it "gearing"; and a good term that is, too. The equity position is conceived to be regulated by a series of gears. Presumably if there is preferred stock outstanding, the equity would be in second gear; if both bonds and preferred, then in

third gear; and if no senior capital, then the common would operate in low gear.

The British equivalent of leverage may well come from the automobile; but more likely it comes from that century-old two-wheel vehicle, the bicycle, which has three speeds: one for climbing up hills; one for going along the level, known as "normal"; and one for going like blazes, "high." And the leverage, or gearage or pedage, in the case of the bicycle would be apt indeed. In low, you get the greatest power, but least locomotion; in normal, there is normal power and normal acceleration; in high, there is least output, but plenty of whoosh.

**Postscript**—The first real bicycle (forerunner of the modern celeripede) was constructed by Kirkpatrick MacMillan, of Dumfries, Scotland, in 1840. He rode his machine for many years and once was fined for "furious driving." That was before the days of gearing, of leverage, or a 40-mile speed limit.

**Growing Pains**—When undistributed earnings are taxed heavily, a growing company feels the pinch in providing for plant expansion and working capital requirements. A case in point is Monsanto Chemical Co.

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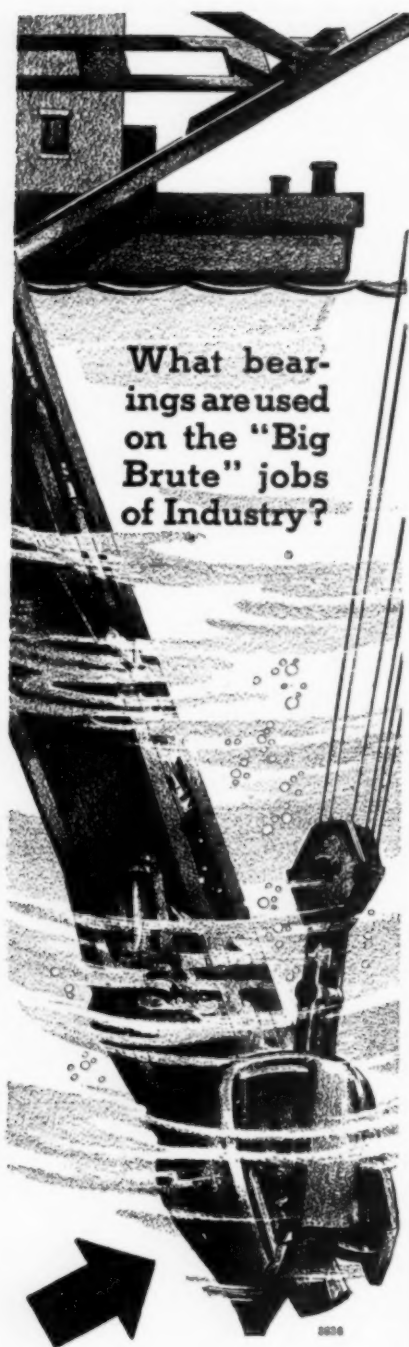
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BALL AND ROLLER BEARINGS

(One of a series of three SKF ads—all in this issue)

\$17,700,000 into plants between 1929 and 1936. Of this total, \$5,603,000 was invested last year. But, with the federal surtax on retained profits operative, the company kept in the business only \$1,507,929 of last year's \$4,468,704 net earnings. (In the preceding year it held back almost all of its \$3,843,391 net profit).

When earnings are being paid out as dividends and plants are being expanded, the money has to come from somewhere. So Monsanto gave holders the right to subscribe for about 101,000 shares of common stock last year. That raised in the neighborhood of \$6,000,000 of new money. Now the plan is to authorize 275,000 shares of preferred stock, a new issue. While the exact amount of the preferred to be offered has not been announced, the financial district is expecting a deal involving about \$10,000,000.

**Guessed Wrong**—One of the tightest metal situations—of the many tight metal situations—has developed in tin. For some time tin plate mills have been postponing buying in the hope that higher cartel quotas were going to increase available supplies. Moreover, there was the full expectation of a steel strike during which stocks of tin would accumulate. All in all, it looked to the mills as if they were going to be able to buy tin cheaper.

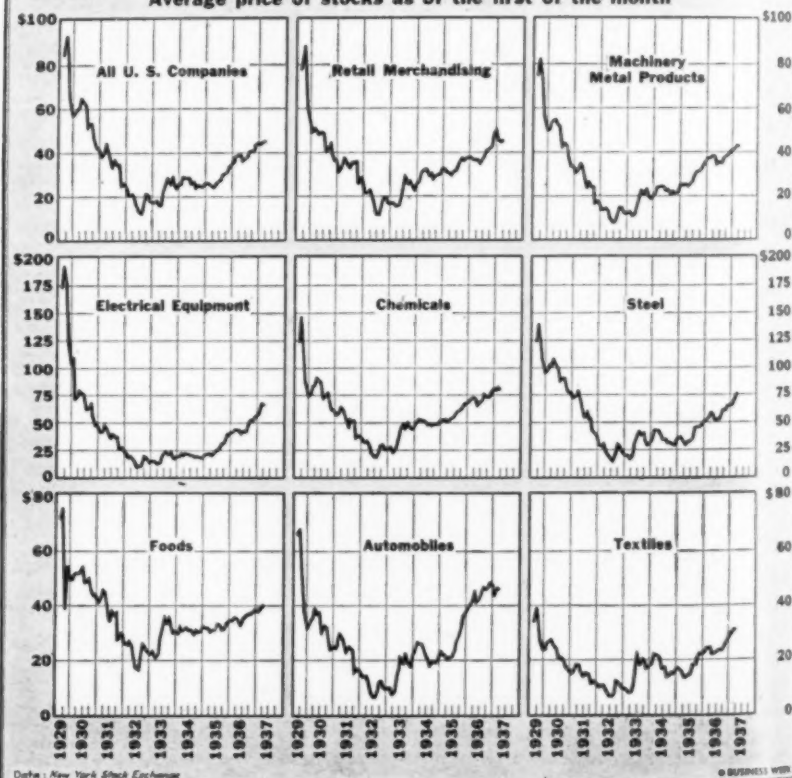
But that was before the dove of peace spread its wings over the steel labor situation. There ensued a rush of buying which sent London tin prices booming.

**South Africa's Hot Money**—The United States and Great Britain aren't the only countries worrying over "hot" money. South Africa is beginning to feel it, too. Many wealthy Britons, obsessed by war fear, have put money out in various centers not within the immediate bombing areas—Montreal, Toronto, and Johannesburg being favorites. This export of sterling they consider not entirely unpatriotic as, in the event of war, their funds will be "mobilizable" by the government and will be in centers where best use can be made of them in buying raw materials.

Both in Jo'burg and Capetown general business is booming (and booming business attracts fidgety capital). The cash bazaars, sure index of purchasing power, report a steady increase in turnover. Building plans approved in Johannesburg in January were at the record high figure of £1,122,391, and, apart from extensive private plans, new official building on a four-year plan will total another £10,000,000. The real estate market is reported firm. Jo'burg's prosperity is aided by improvement in farming conditions.

## STOCK TRENDS BY MAJOR GROUPS

Average price of stocks as of the first of the month



## Editorially Speaking—

OUR New Products column last week reported that a new clock, called Weather-Larm, "combines accurate time-keeper, never-fail alarm, thermometer, and chemical weather-forecaster." But that's no more than a good beginning. Other gadgets should be added, including an hour-glass, a toaster, a cigarette lighter, and a miniature radio.

As all advertisers know, most agencies need a firm control by the client; and as all agencies know, most clients suffer from an appalling growth of imaginary knowledge, and must therefore be kept at a safe distance, except when paying the bills.

A couple of the lads at Batten, Barton, Durstine, & Osborn, having emerged almost hysterical from the ordeal of putting on a radio show for a perpetually interfering client, blew off steam by staging a radio skit on the subject. In the skit a radio show was being auditioned, and the client's board of directors sat around criticizing. They were the sort of directors that all agency radio men have met—the chairman of the board whose niece in Oak Park can sing better than Jessica Dragonette; the company treasurer who thinks the commercials don't give enough meaty facts; the president who'd like Cab Calloway if he'd only play numbers like Auld Lang Syne.

While this skit was in progress, Roy Durstine happened to walk in. He got a load of it and decided it was not only good fun but good medicine. So he revised it a little, and the next time a bunch of directors came in for the audition of a big show, he preceded it with the skit. It gave the directors a laugh, and a warning. It put them in the right mood for the audition. They watched the show sensibly, conceding that perhaps they didn't know as much about radio as the radio experts did. They approved the show.

Since then the same skit has been used on other boards of directors, and the result is a sharp decrease in the mortality of program ideas offered at auditions.

LORD ANCASTER, the joint hereditary lord great chamberlain of England, is hereditarily entitled to perform certain services for a newly crowned king and to get, in return, certain privileges and objects, including "the bed wherein His Majesty lay the night before the coronation, together with all the curtains and valances thereof and all the cushions and clothes within the chamber, together with the furniture of the same and His Majesty's night robe." But apparently George VI doesn't wear a night robe, so Lord Ancaster has petitioned the Court of Claims to give him

the king's pajamas instead. The abstruse Associated Press (or maybe the inspired typographer who set the A.P. story for the newspaper we happened to read) declared that the court passed the buck to King George because it "could not decide definitely such an obtuse matter."

This is an age of revolutionary doctrines, and one of the latest of these has come from Secretary of State Hull. He declares that "when any citizen of this country" says anything that offends a government with which we have official relations, it is a matter of regret to the American government.

This is something new. It means that the American government will be going about doing a lot of regretting because one citizen or another says he doesn't like Hitler, or Mussolini, or Stalin, or some other ruler or government. If you feel like speaking your mind about the Nazis or the Fascists or the Communists, don't, because you'll make the American government feel sorry.

Such a notion as Mr. Hull's is utterly subversive of American traditions. Hitherto the American government has never regretted the expressed opinions of its citizens about foreign governments or rulers. Those opinions have been no business of the American government's. They've been the personal business of the citizen. If an opinion seems sensible, other citizens will accept it. If it doesn't, they won't. And if they do accept it, and if a foreign government doesn't like the judgment formed upon it by American citizens, it has a simple remedy. It can mend its behavior.

It seems that many people don't order *ordure*, because they don't know how to pronounce it. So the Hors d'Oeuvres Reform Committee of the Midwest Hotel Show has offered a loving cup and a cash award to whoever invents an acceptable simple American word for 'hors d'oeuvres.' Why try invention? There's a simple old word that fills the bill. It's *appetizer*. And the restaurant and hors d'oeuvre people can use that word effectively, unless they think it's *too* simple, too earthy, not sufficiently *distingué and soigné*. In which case they can translate it into something unpronounceable.

MRS. JOHN HAY WHITNEY, who is widely known as a horsewoman, has started a new career in the dairy business, selling milk from her Guernsey herd at her Virginia farm to neighbors, and also to customers in Washington, and charging cut-rate prices. The dairy companies hope she's riding for a fall.

I DO NOT WANT  
GUESSING—  
I WANT  
FACTS!



Modern business cannot afford guesswork—it needs to know the facts about sales, credit, stock turnover, accounts receivable, payroll, purchases, etc.

The Globe-Wernicke visible record system provides accurate, complete information and can be applied to every department of your business or profession. Good records will soon pay for the cost of efficient equipment.

Let a Globe-Wernicke systems expert study your present methods and recommend card forms and visible record equipment that will enable you to know the important facts about your business—instantly. There is no cost or obligation for this service. Approved forms that enable you to meet the requirements of Social Security legislation are also available.

There is a Globe-Wernicke dealer in almost every city who will gladly tell you about our system and service—or write direct to us.



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**Globe-Wernicke**



Cincinnati, Ohio  
MAKERS OF OVER 4000 ITEMS  
NEEDED IN OFFICES



MARCH 13, 1937

## Trust Me, He Said

And after the thunder and threats of the victory dinner came the fireside chat; and in the fireside chat a still small voice. Trust me, said the most persuasive radio speaker in the world, bringing to the people not a frank and reasoned argument but the soothing calm of a hypnotist.

Trust me, he said, for you cannot trust a court which in the gold clause case divided five to four, barely escaping a decision which "would have thrown all the affairs of this great nation back into hopeless chaos." But he has prophesied chaos before, and there has been no chaos. After the NRA decision, in which the court was unanimous, he gave his "horse-and-buggy" interview, warning that if AAA were invalidated we would have 36-cent wheat and 5-cent cotton. In a few months AAA was invalidated, and wheat and cotton prices moved upward.

Trust me, he said, for I seek harmony, not domination, I am only one horse in a three-horse team, I am not the driver. Not the driver? He is the boss of Congress, the boss of the party that rules Congress. He drives the second horse and now seeks authority to drive the third horse, which prefers to go about its business, doing the routine job of plowing, instead of jumping over the fence into a lot outside the Constitution.

Trust me, he said, and do not fear that this congressional enactment which I seek will be a precedent for future Congresses to act more dangerously against democracy, because America must always trust Congress, there is no help for it. But America has never trusted Congress or any other branch of the government completely. That is why the Constitution set up checks and balances, dividing power between the courts and Congress and the President, so that none of these might ever become a despot.

Furthermore trust me, he said, for what I seek is merely to carry out the plain terms of the Constitution, which "gave to the Congress the ample broad powers 'to levy taxes \* \* \* and provide for the common defense and general welfare of the United States.'" Trust you, Mr. President, when by a trick of asterisks you have just misquoted the Constitution? The Constitution did not give Con-

gress broad and vague powers to provide for the "general welfare." It specified the powers of Congress, and it authorized Congress to levy such taxes as were necessary in carrying out those powers. The exact words are, "to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States, but all duties, imposts, and excises shall be uniform throughout the United States." In other words, to levy taxes in order to carry out the powers elsewhere specified. No power except the taxing power is granted by that clause of the Constitution which the President garbled.

And because the Supreme Court does not garble the Constitution, thoughtful Americans will prefer to trust and protect the Supreme Court.

## How Retailers Help Consumers' Co-ops

It is interesting to watch retailers' organizations in the act of stimulating the creation of consumers' cooperatives to compete with retailers. That is what these organizations are unwittingly doing now.

They are pushing the Tydings-Miller price resale maintenance bill through Congress, and they have induced the legislatures of half the states to pass similar bills. Under the Tydings-Miller bill, a manufacturer will no longer be subject to anti-trust prosecution if he fixes resale prices in a state that allows him to do this.

But wherever he is allowed to do it, he will be forced to do it. That is the real object of these bills. He will be forced by retailers' threats of a boycott. They will demand excessive profit margins. The New York State Pharmaceutical Association, for example, demands that fast-moving items be marked up 39% of the retail price, and slow-moving items 50%.

And the association says it "will use its utmost efforts to persuade" manufacturers to issue price resale contracts with these profit margins.

If all the states pass the price maintenance laws, as they may, a manufacturer will be confronted with a multiplicity of dictation by retailers' organizations in 48 states. The consumer will pay—not to outlaw low leaders and cutthroat competition, but to assure safe profits to even the inefficient retailer. But the consumer will not pay so much indefinitely. The laws that fix retailers' profit margins will be answered with consumers' cooperatives.

## Getting Nowhere At Immense Cost

Well, what are we going to do about silver now? In three years we have lost \$275,000,000 of the American taxpayers' money in a silver-buying program which is so fantastic that if anybody had put it in a Grimm's fairy tale it would have seemed perfectly in place, and little children could have read it and laughed. But for taxpayers, especially at the Ides of March, it is a serious matter.

The announced object of the program was to push the world price of silver up to \$1.29 an ounce. The price when the program started was 44¢. Lately it has been slightly under 45¢. So the program has miserably failed, and the Treasury has lost \$275,000,000 by buying silver at an average price of 60¢.

But the silver bloc in the Senate doesn't consider the program a failure. For the Treasury has been paying domestic producers about 78¢ an ounce. This means a subsidy of 73%.

In 1933, when the program was authorized by Congress, the only real silver question was whether a handful of senators from silver states would vote the right way. This question was speedily answered by embarking the country on a wild adventure whose only result has been to subsidize one small industry at an unbelievably grotesque rate.

Now Sec. Morgenthau dares to suggest that the 73% subsidy is too high. But it can't be reduced unless the Administration is willing to alienate the silver senators and lose their general support.

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